Government of
Saskatchewan

Saskatchewan
Highways and
Transportation

PASSENGER TRANSPORTATION CHALLENGES AND OPPORTUNITIES

Saskatchewan

SUBMISSION BY THE SASKATCHEWAN GOVERNMENT TO THE ROYAL COMMISSION ON NATIONAL PASSENGER TRANSPORTATION

SEPTEMBER 25, 1990

91-02196/

Minister of
Highways and
Transportation

SASKATCHEWAN

Legislative Building
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September 4, 1990

Mr. Louis Hyndman
Chairman
Royal Commission on National Passenger Transportation
P.O. Box 1665, Station "B"
Ottawa, Ontario
K1P 6P8

Dear Mr. Hyndman:

I am pleased to enclose 12 copies of the Saskatchewan Government submission to the Royal Commission on National Passenger Transportation. The Saskatchewan Government welcomes the opportunity to provide input to the Royal Commission on inter-city passenger transportation issues of concern to the province.

Development of an effective public policy framework for inter-city passenger travel is critical for Saskatchewan, due to our distance from major population centres and the need to maintain public transportation services in rural areas and urban centres. The Saskatchewan Government is prepared to work closely with the Royal Commission to address innovative options for dealing with the passenger transportation issues identified in our submission.

I look forward to meeting you and the other members of the Royal Commission during the Saskatchewan hearings scheduled for September 25-26 in Regina and Saskatoon.

Yours sincerely,

Sherwin H. Petersen
Minister of Highways and Transportation

Enclosures

PASSENGER TRANSPORTATION CHALLENGES AND OPPORTUNITIES

SUBMISSION BY THE SASKATCHEWAN GOVERNMENT

TO THE ROYAL COMMISSION ON NATIONAL PASSENGER TRANSPORTATION

SEPTEMBER 25, 1990

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PASSENGER TRANSPORTATION CHALLENGES AND OPPORTUNITIES

SUBMISSION BY THE SASKATCHEWAN GOVERNMENT TO THE ROYAL COMMISSION ON NATIONAL PASSENGER TRANSPORTATION

I EXECUTIVE SUMMARY

Development of an effective public policy framework for inter-city passenger travel is critical for facilitating economic growth and the mobility of people in Saskatchewan and other regions of Canada. Convenient and affordable public transportation services are especially important for Saskatchewan, due to our distance from major population centres and our role as a world trader.

Integrated long-range planning by different levels of government and the private sector is essential in developing cost-effective transportation infrastructure and services. National passenger transportation initiatives should balance the priority given to enhancing public transportation systems in densely populated regions such as the Windsor - Quebec City corridor with support for public passenger transportation options in other less densely populated regions of the country.

Action is required by the federal government to address a number of passenger transportation issues of concern to Saskatchewan. These include:

* Provision of minimum levels of passenger transportation service acceptable to residents of rural and remote regions.

* Enhanced passenger air service in Saskatchewan and other less densely populated regions.

* Development of new transportation technologies that improve service and reduce the cost of public transportation systems in rural and remote regions.

* Innovative methods of financing transportation infrastructure and services and distributing federal expenditures more equitably among regions.

* Enhancement of passenger rail service in Saskatchewan.

* Development of environmental initiatives to alleviate negative effects generated by the transportation sector.

Opportunities exist for the federal government to develop innovative passenger transportation options to resolve these issues, in conjunction with provincial governments and the private sector. These could include:

* Improvement to federal funding of transportation infrastructure and services in rural and remote regions to foster improved access to public transport.

* Creation of an environment that facilitates the delivery of high quality mainline and regional air services in Saskatchewan and other less densely populated regions.

* Federal financial support for technological innovations such as combination bus-truck vehicles for use on rural and northern bus routes, new vehicle designs to accommodate the elderly and disabled, and improved engine design and conversion technologies for alternative fuels.

* Federal cost-sharing for improvement of the proposed National Highway System, utilizing revenues derived from road-fuel taxes.

* Modernization of Via Rail passenger services through increased capitalization of operations, to ensure that ridership does not decline and further cuts in service are not required.

* Enhanced procurement opportunities for Saskatchewan companies and those in other less densely populated regions in transportation projects funded by the federal government.

* Development of environmental initiatives that reflect regional differences in the production and impacts of air pollutants.

Leadership will be required by the federal and provincial governments in developing initiatives that improve access to different public transportation modes and enhance the competitiveness of the Canadian transportation sector. A flexible policy framework for dealing with regulatory and jurisdictional issues will be required to enable Canadian carriers to improve service and efficiency, with the trend toward increased globalization and consolidation of the transportation industry.

The Saskatchewan Government is prepared to work closely with the federal government, the transportation industry, and other interested groups to develop appropriate public transportation options that reflect national and regional priorities. Public input in the development of the policy framework for the national passenger transportation system and the evaluation of transportation projects will be required to ensure that new federal and provincial initiatives effectively meet present and future needs of users.

II OVERVIEW

Passenger Transportation and the Changing Economy

High quality passenger transportation services are a significant factor in economic development and diversification, because of their importance for business and tourism travel. Good regional air service contributes to economic development in small urban centres and rural regions. Higher disposable incomes, growth of Canadian companies, and increased trade with our major trading partners will generate greater demands for international business and leisure travel.

Saskatchewan's distance from major population centres in Canada and the U.S. increases the importance of long-haul air, bus, and rail passenger services. The reduction of passenger rail service in Saskatchewan in early 1990 has increased the relative importance of air and bus service for long-haul travel by Saskatchewan residents and visitors.

A recent study commissioned by the Saskatchewan Government concluded that "Saskatchewan still remains a difficult place to get to by both business and leisure air travellers and more progress to improve air transportation is needed".(1) The trend toward shorter, more frequent business trips and vacations increases the importance of affordable air access and convenient connections for air travellers.

In addition, Saskatchewan communities outside Regina and Saskatoon are not included in computerized reservation systems utilized by airlines and travel agents.

The Saskatchewan Government is concerned that any reduction in air service to the province could have negative implications for the development of the tourism industry. Destination area development and competitive tourism products could be affected if convenient and affordable air access from domestic and international markets is not available.

The motor coach industry serves a large number of Saskatchewan urban and rural communities, many of which have no other form of public transportation available to them. Saskatchewan short-haul carriers have experienced financial difficulties in recent years, due to declining ridership and competition from other small package services. Government subsidies and regulatory protection of corridors have enabled Saskatchewan carriers to continue operations, despite growing losses per total operated mile.

1. Transportation Constraints To Tourism Industry Development In Saskatchewan Peat Marwick Stevenson & Kellogg March 1990

There has been a steady increase in tourism travel by motor coach that is expected to continue as the elderly population grows. Stopover visits on bus tours of Western Canada are of growing importance to the Saskatchewan tourism industry. Charter motor coach travel to resorts near highways is also becoming increasingly popular.

III INTRODUCTION

Inter-city passenger transportation services have played a major role in the development of Saskatchewan, from the strong dependence on railroads during the settlement of the province more than a century ago, to today's modern air, bus, rail, and automobile systems.

The distance of Saskatchewan from major population centres and markets, and the sparsely populated rural character of the province make high quality public inter-city passenger transportation systems critical for our economic and social well-being. Although the private automobile is the predominant mode of transportation for inter-city passenger travel within the province, access to air, bus, and rail passenger services remains of vital importance to Saskatchewan residents.

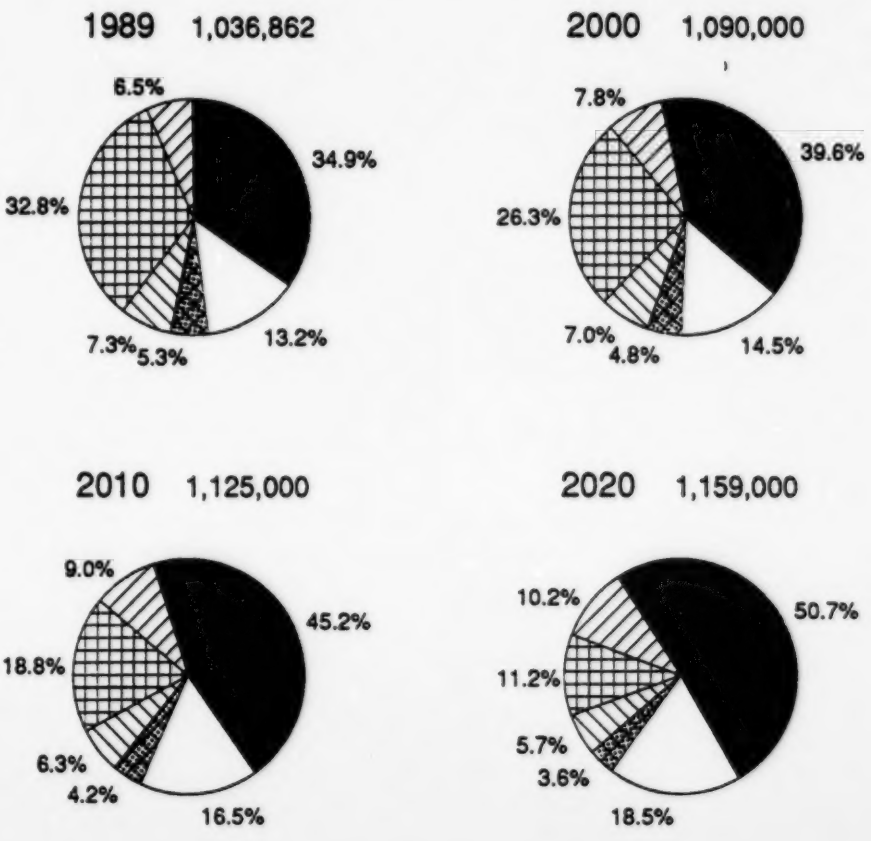
High quality transportation infrastructure and services contribute to economic development by facilitating business and tourism travel and access to domestic and international markets. Convenient mainline air service to Canadian and U.S. airline hub centres and good connections with international routes are critical for Saskatchewan. Strengthened regional air services in the province can foster economic development in small urban centres.

Demographic changes occurring in Saskatchewan and other regions of the country will strongly influence future needs for inter-city passenger transportation services. The shift of population from rural to urban areas is expected to continue in Saskatchewan during the next thirty years (See Figure 1). The number of people living on farms and nearby communities has dropped from more than half of the total population in the early 1960s to about one-third today, and is projected to fall to about one-fifth by the year 2020.

The concentration of population in the province's two largest urban areas, Regina and Saskatoon, is projected to increase from about one-third of the province's population today to about half in 2020. Regional centres with populations greater than 5,000 are also expected to grow modestly, as more services and business activities are located there to serve surrounding rural areas.

FIGURE 1

SASKATCHEWAN POPULATION SHIFTS
1989 - 2020



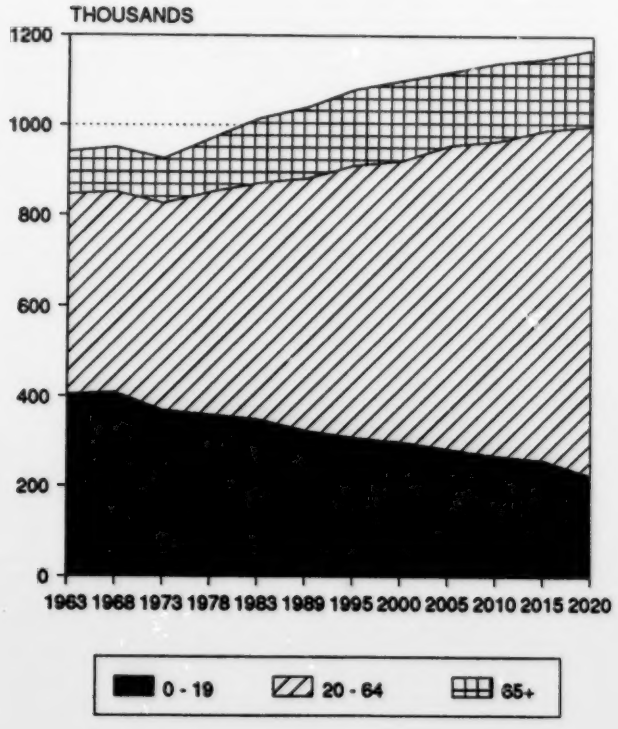
SOURCES: Saskatchewan Health Insurance Reports
Projections based on Statistics Canada and Saskatchewan Bureau of Statistics figures

Many of these regional centres, along with most small communities in the province, have lost population in recent years as a result of problems in the agricultural economy and net out-migration. Saskatchewan's population of about one million may continue to decline gradually in the short to medium term, before increasing modestly to about 1.2 million by 2020.

Rural residents will continue to need accessible and affordable public inter-city passenger transport services. Many of these rural residents are elderly people, with special transportation needs for their health care, recreation, and shopping. The trend to an aging population is expected to continue in the decades ahead (See Figure 2). It will be essential to maintain and enhance existing transportation services to strengthen rural communities and improve the quality of life for rural residents.

FIGURE 2

THE CHANGING POPULATION PROFILE
OF SASKATCHEWAN



New transportation technologies can enhance the level of inter-city passenger transportation services for Saskatchewan's rural and urban residents. Innovative bus designs that enable passenger and parcel express services to be combined more cost-effectively than in conventional vehicles may reduce the need for subsidies for rural passenger bus service. The development of more energy efficient, short range aircraft could lead to improved regional air services in the province.

Research and development on new transportation technologies should be given high priority by the federal government to improve public transportation service levels throughout the country and keep Canadian inter-city passenger transportation systems competitive with those in other jurisdictions.

These factors, combined with issues such as the financing of transportation infrastructure and services, and environmental impacts associated with the transportation sector, make the development of an effective public policy framework for dealing with inter-city passenger transportation a high provincial and national priority. There is a strong need for leadership from the federal and provincial governments to establish national passenger transportation goals and objectives for the future.

The Saskatchewan Government welcomes the opportunity to bring issues of concern to the province concerning national inter-city passenger transportation to the attention of the Royal Commission. We are prepared to work closely with the Royal Commission during the course of your work to identify problems and opportunities in this area, and develop an appropriate public policy framework to ensure that Canadians in all regions continue to have access to convenient and affordable passenger transportation service.

IV SASKATCHEWAN INTER-CITY PASSENGER TRANSPORTATION SERVICES

One of the primary passenger transportation objectives of the Saskatchewan Government is to maintain bus, air, and rail services in the province to complement the dominant position of the private automobile for inter-city travel within the province, and out-of-province travel of up to 500 kilometres. It is estimated that private automobiles account for approximately 85 per cent of inter-city travel within this range by Saskatchewan residents and visitors.

Saskatchewan has an extensive inter-city passenger transportation system. The level of infrastructure and services provided in the four modes used in inter-city passenger transportation is outlined in Figure 3. An inventory of the Saskatchewan passenger transportation network is provided in the Appendix.

FIGURE 3

Saskatchewan's Transportation Assets

1990

Infrastructure

- 25,463 kilometers of paved highways and roads.
- 11,594 kilometers of rail lines.
- 8,638 kilometers of bus routes.
- 704,983 registered motor vehicles.
- 6 airline companies serving the province.
- 149 federal, provincial and community airports.
- 221 intercity buses (includes charter), 410 local transit buses (includes handicap service), and 3,324 school buses.

Services/Programs

- Highways: $210 million in Annual expenditures on road construction and maintenance.

  $11 million federal contribution under the Canada-Saskatchewan Yellowhead Highway Improvement Program.

- Bus Service: $250,000 in annual expenditures on Rural Transportation Subsidy Program - 4 routes serving 45 communities.

  $140,000 in annual expenditures on Rural Bus Subsidy Program - 9 routes serving 28 communities.

  Northern Feeder Service - 2 routes serving 3 communites.

- Air Service: Saskatchewan Airport Assistance Program - $2.9 million in provincial expenditures to date.

  Federal Local and Commercial Development Program - $2 million in expenditures (1989).

  Scheduled Air Service includes 33 daily flights from Regina and 32 daily flights from Saskatoon to Canadian and U.S. markets.

  Regional Air Service and Northern Services: Prairie Air Service provides 7 daily flights leaving Regina to 5 Saskatchewan communites; Athabasca Airways provides 1daily flight leaving Saskatoon to 6 Saskatchewan communities; and, Air Sask provides 1 daily flight leaving Saskatoon to 3 Saskatchewan communities.

- Rail Service: VIA Rail routes - "Canadian" from Winnipeg-Saskatoon-Edmonton, and "Hudson Bay" from Winnipeg-Hudson Bay-The Pas, operate three times a week.

Inter-city passenger transportation plays an important role in the social and economic development of the province. Some of the main characteristics of the different modes are included in Figure 4.

V PASSENGER TRANSPORTATION ISSUES

Continued dependence on private motor vehicles to meet the majority of passenger transportation needs in Saskatchewan and other regions of Canada with low population density should be considered in the development of national transportation policies. Cost-effective public transportation options such as enhanced bus service and strengthened regional air services could be developed as alternatives to automobiles to provide a better mix of inter-city passenger services in different regions.

Provision of high quality public passenger transportation services would give Saskatchewan people the option to shift to other modes and maintain Saskatchewan's competitive position relative to other jurisdictions in facilitating investment, tourism, and trade opportunities.

The main passenger transportation issues of concern to Saskatchewan include:

1. **Commitment to the provision of a minimum level of public transportation services acceptable to residents in rural and remote areas.**

2. **Maintenance of high quality air service in Saskatchewan and other less densely populated regions.**

3. **Introduction of new transportation technologies that improve service and reduce the costs of public transportation services in rural and remote regions.**

4. **Development of innovative financing options for transportation infrastructure and services and more equitable distribution of federal expenditures among regions.**

5. **Enhancement of rail passenger service in Saskatchewan**

6. **Development of environmental initiatives to alleviate negative effects generated by the transportation sector.**

Characteristics of Intercity Passenger Transportation

1990

	Automobiles	*Aviation*	*Railways*	*Buses*
Principal Markets	Serve business and personal travel and short/long distances.	Serves time-sensitive business and personal travel over short/long distances.	Serve business and personal travel over short/long distances.	Serve personal and business travel over short/medium distances.
Ownership	Privately owned vehicles operating on public roads.	Private aircraft operating at private and public airports.	Publicly owned carrier operating on private and public tracks.	Public and private carriers operating on public roads; mostly public terminals.
Extent of Federal Subsidy	None.	Essential air service as defined by the Federal Minister of Transport.	About 2/3 of total VIA costs are federally subsidized.	None
Nature and Extent of Regulations	Federal safety standards and provincial safety regulations.	Some level of economic regulation at northern and remote airports, and federal equipment and operating safety regulations.	Federal safety regulations, operation standards set by government and industry.	Federal and Provincial regulation of fares, entry, exit, and safety rules.

1. Public Transportation Services in Rural and Remote Areas

Public transportation services in rural and northern regions, and small urban centres play an important role in maintaining demographic stability and economic activity in Saskatchewan communities. Public transportation can improve access to health, recreation, and commercial services, and thus provide an incentive for rural residents to remain in small communities.

The continuing shift in population from rural to urban areas and significant growth in the number of older people in rural communities has increased the challenge of providing minimum standards for passenger transportation service to Saskatchewan rural residents at an acceptable cost.

High priority has traditionally been given by the federal government to enhancing public transportation systems in densely populated regions such as the Windsor - Quebec City corridor. Recent interest in the development of high speed rail service in this corridor indicates that further improvements in passenger transportation infrastructure in highly populated regions remain a top priority.

Residents of other regions of Canada do not generally have access to the same range and quality of passenger transportation options as those in southern Ontario and Quebec. The lower population densities in these regions do not justify the same level of investment in passenger transportation infrastructure and services as those in the Windsor - Quebec City corridor.

Low ridership, high operating costs, and little potential for revenue growth are persistent problems in rural and northern public transport systems across the country. Many rural routes operated by line haul bus companies are not profitable, and the losses per total operated mile have continued to increase for most short haul line carriers. In addition, competition from other small package services and charter bus operations has restricted opportunities to cross-subsidize scheduled rural bus service. Many Saskatchewan line haul carriers now receive operating subsidies from the provincial government to allow them to continue to provide service on unprofitable rural routes.

Several line haul carriers in western Canada have not experienced these problems because they operate primarily on major corridors. Some carriers have also initiated more cost-effective passenger and parcel express services on rural and northern routes utilizing combination truck-bus vehicles.

The trend to an aging population in many rural areas of Canada will require more flexible passenger transportation systems to foster mobility and access to essential public services such as health care and recreation. In many Saskatchewan rural communities, more than one-third of the population is sixty-five or older, and this percentage is expected to increase.

The increased costs associated with providing enhanced services for the elderly and other disadvantaged groups in rural areas will likely have to be subsidized by government, due to limited options for cost recovery from rural passenger services.

A number of innovative inter-city passenger transportation services are already available in rural areas of Saskatchewan. The Saskatchewan Government administers two rural and one northern bus programs that provide feeder service to inter-urban bus routes. The Rural Transportation Assistance Program (RTAP) and the Rural Bus Subsidy Program (RBSP), and a Northern Feeder Service provide subsidized passenger and parcel express service to more than 70 small communities. In addition, public transportation programs for the elderly and disabled exist, many operated by organizations representing these groups.

Ridership and the amount of express hauled have declined on the nine RTAP routes and four RBSP routes in the last several years, while total subsidies have increased. The decrease in express hauled on these routes is due primarily to weakness in the economy and competition from couriers providing service to these communities.

The Saskatchewan Government has identified options for maintaining rural bus service under different funding and administrative arrangements:

* Ongoing provincial government subsidies.

* Reducing service frequency or number of communities served to a minimum acceptable level.

* Protecting parcel express service on selected routes against competition from couriers.

* Establishment of a competitive bidding process to tender rural routes to carriers.

* Increases in passenger fares and continued regulation of intra-provincial fares on scheduled routes.

* Increases in express rates and continued regulation of intra-provincial rates.

None of these options would eliminate the need for subsidies, while maintaining a minimum acceptable level of passenger transportation services to rural areas, small urban centres, and northern regions. In addition, a number of options could lead to further reduction in ridership and express hauled, and impact negatively on economic activity in the communities served by the RTAP and RBSP programs and Northern Feeder Service.

RECOMMENDATIONS CONCERNING PUBLIC TRANSPORTATION SERVICES IN RURAL AND REMOTE AREAS

Commitment by the federal government to work with the provinces for maintenance of a minimum level of public transportation to residents of rural and remote regions is essential, to ensure that they have access to adequate, affordable transportation options. Criteria for frequency of service and cost recovery levels for basic public transportation services should be developed by the federal and provincial governments, in conjunction with carriers and other interested groups. This would promote greater equity in federal funding of inter-city passenger transportation systems in different regions of the country.

Opportunities exist for the federal government to participate in the funding of passenger transportation services in rural and remote regions of Saskatchewan and other provinces. This could include:

* **Cost-sharing of subsidies for rural bus service with provincial governments.**

* **Financial support to line haul bus companies for the purchase of vehicles for use on rural and northern routes.**

* **Financial support for research and development on improved combination truck-bus vehicle designs and production techniques.**

Federal government initiatives to enhance rural and northern inter-city bus service would demonstrate its commitment to maintaining minimum acceptable levels of public transportation service in less populated regions. This would also promote greater equity in federal funding of transportation infrastructure and services in different regions of Canada.

2. Air Transportation

Saskatchewan will require improved air transportation services and facilities well into the 21st century if we are to remain competitive with the rest of Canada in attracting and maintaining new business, economic and tourism development opportunities.

Deregulation of the airline industry in southern Canada has created new opportunities for implementation of structural changes in mainline services and the development of regional air services in Saskatchewan. These potential changes in the airline industry under deregulation reflect the shift in policy goals for Canadian air transport from industry promotion to economic efficiency.

Formerly, the main air transport policy objectives of the federal government included:

* Establishment of a reliable national air transport network
* Protection of service to selected communities and routes
* Protection of air carriers' market share
* Establishment of service standards for the industry and regulated air fares
* Strengthening Air Canada's position in the airline industry

The main federal policy objectives in promoting increased economic efficiency in the deregulated air market include:

* Increased competition and carrier flexibility leading to increased efficiency, more services and lower air fares
* Greater flexibility in changing aircraft fleet composition through mechanisms such as leasing arrangements
* Facilitation of mergers and acquisitions that result in complementary services with regional air services
* Privatization of Air Canada

The federal government's role under deregulation of the airline industry should focus on three priority areas, to ensure that these economic efficiency objectives are met without compromising the quality of inter-city passenger air service in Canada:

* Distribution of air service
* Efficient delivery of transportation services
* Procedural issues

i) Distribution of Air Service

Maintenance of high quality mainline air services with good domestic and international connections, and expansion of regional air services to major population centres on the Prairies and within the province are important objectives of the Saskatchewan Government. This would facilitate tourism development and business travel through the provision of affordable and convenient air access to the province. Strengthening of Saskatchewan passenger air services under deregulation can be achieved through a cooperative approach involving air carriers, the provincial and federal governments, communities, and other interested groups.

a) National and Inter-Regional Services

Saskatchewan will require ongoing improvements to air transportation services to ensure that air access to the province remains competitive with the other Western provinces. This will include a requirement for continued mainline services between Regina and Saskatoon and large hub airports such as Toronto, and convenient access to domestic and international connections. Increased frequency of service will also be required through the expansion of regional air services between Regina and Saskatoon, and Regina/Saskatoon and Winnipeg, Calgary, Edmonton, and Vancouver. Expanded intra-provincial air service linking Regina and Saskatoon to other urban centres is required to increase mobility and economic development opportunities throughout the province.

b) International Services

Improved international service is also a high priority of the Saskatchewan Government. International aviation policy initiatives such as the Canada-U.S. bilateral air agreement and bilateral agreements with other countries should be developed in consultation with the provinces and other interested groups. The four Western provinces are currently developing a position paper for presentation to the federal government concerning the need for greater involvement by the provinces and other interested parties in the negotiation of Canada's bilateral air agreements. The role of air transport in facilitating regional economic development should be emphasized in these negotiations.

Opportunities to increase international trade and tourism must also be considered in future negotiations to amend Canada's aviation agreements with other countries. Expansion of scheduled air service between Saskatchewan and the U.S. is of critical importance to the province for enhancing transborder trade and tourism.

The federal government has recently established a Task Force to review Canada's International Aviation Policy. Saskatchewan will participate in this review. The Task Force should address the potential impacts of proposed policy changes on Canadian carriers and passenger air services, on a national and regional basis.

c) Intra-Provincial and Remote Services

Enhancement of scheduled air transportation services to smaller urban centres within the province is a major concern for Saskatchewan. While there has been some growth in Saskatchewan's intra-provincial air services, current levels of service restrict opportunities for many medium-sized population centres to compete for new investment and economic development projects.

In the north the absence of well developed road transportation networks, the sparse population and the distance between communities necessitates the development of affordable scheduled air transportation services. These services are of critical importance to the social and economic development of northern Saskatchewan.

Development of an "Essential Air Service Policy" to ensure that the basic transportation needs of northern and remote regions are met should be considered by the federal government. This policy could provide a framework for establishing air services to communities not currently served, as well as addressing issues associated with the termination of service. This could include the establishment of a competitive bidding system to tender air services in northern remote areas. In addition, the federal government should continue to work with the provinces in the development and improvement of airports and navigational services in northern and remote regions.

ii) Efficient Delivery of Transportation Services

Federal policy initiatives that encourage increased local control of airports should increase efficiency and flexibility in decision-making. The creation of Airport Economic Development Boards and Local Airport Authorities will be an effective mechanism for the promotion of new services and airport development opportunities. The first Airport Economic Development Board in Canada was established in Saskatoon two years ago to maximize commercial development opportunities associated with the airport, and thus promote local and regional economic development.

Long-term federal financial support for the development and operation of air infrastructure may be required for certain facilities. Federal off-loading of costs associated with airport infrastructure to provinces or municipalities is not acceptable without full cost-recovery by these jurisdictions.
Federal and provincial financial assistance to communities for airport development projects needs to be co-ordinated to

effectively manage infrastructure development. The federal Local and Commercial Development Program should be restructured to enable infrastructure decision-making to be co-ordinated more effectively with provincial programs such as the Saskatchewan Airport Assistance Program.

Development of airport system plans should be eligible for federal financial assistance. In addition, provision should be made for more public input in the development of community airport projects.

Federal financial support for special services for groups such as the elderly and disabled, and air medical services in northern and remote areas may also be required.

Enhanced consumer protection can be achieved through the dissemination of information about carrier service obligations and appropriate action to address problems associated with airport congestion and environmental factors such as aircraft noise and pollution.

iii) Procedural Issues

Intermodal competition should be encouraged through guidelines for pricing of air service, mergers and acquisitions, and unfair trade practices.

Federal air transport policy initiatives and ongoing regulatory functions should promote the efficiency of the airline industry, to foster continued competition and development of enhanced inter-city passenger air services.

The federal process for awarding new routes to air carriers should be based on clearly defined criteria, to ensure that the objectives of economic efficiency and high quality service are achieved.

Federal financial support for safety and security at Canada's airports will be required.

RECOMMENDATIONS CONCERNING AIR TRANSPORTATION

The federal government should encourage the creation of an environment that facilitates the delivery of high quality mainline and regional air services in Saskatchewan. Greater economic efficiency can be pursued without compromising the quality of inter-city passenger air service, through federal initiatives that improve the distribution and delivery of air service and address procedural issues.

It is essential that the federal government and the airline industry work together to increase the efficiency of operations and take advantage of opportunities to enhance mainline and regional air services to Saskatchewan communities, to improve air access to the province.

Federal policies for funding and management of air infrastructure should be expanded in consultation with the provinces and other interested parties. Cost-recovery criteria used by Transport Canada should reflect local and regional economic conditions, to effectively promote commercial development. Pricing of air services such as user fees at airports should be based on site-specific costs and foster the development of appropriate services and infrastructure.

Federal air transportation initiatives should foster efficient delivery and distribution of passenger air services in the deregulated southern Canadian market, and provision of basic services to northern and remote regions. The federal government should create an environment that provides the airline industry with the flexibility to develop high quality mainline and regional air services in Saskatchewan and other less densely populated regions, with good connections to domestic and international routes.

This can be achieved through a cooperative approach involving the airline industry, the federal and provincial governments, communities, and other interested groups. Improved air access to Saskatchewan is critical for realization of provincial economic objectives such as enhanced tourism and business travel, and economic development in smaller urban centres.

3. New Transportation Technologies

Development of new transportation technologies should be given high priority by the federal government to improve service, reduce costs, and increase the efficiency of public transportation systems. Increased federal, provincial, and private sector funding for research and development and technology transfer would encourage continued technological innovation in the transportation sector.

A balanced approach is required to ensure that the benefits of new technologies are equitably distributed among different regions of the country. This could be achieved through financial support for the introduction of technologies that improve public transportation in rural and remote regions, as well as in more densely populated regions.

In addition, procurement procedures for transportation initiatives funded by the federal government should be designed to enable firms in different regions to participate more actively in supplying goods and services for these projects. This would increase opportunities for expanding regional benefits associated with new transportation technologies.

i) Technology Transfer

Technology transfer initiatives may require special licensing arrangements or joint ventures among Canadian carriers or with foreign carriers and corporations. The new Competition Act may limit the scope of joint ventures, particularly if they take the form of mergers or acquisitions. This may affect the ability of Canadian carriers to capitalize on opportunities associated with the trend toward globalization and consolidation of passenger transportation services, particularly in the airline industry. In addition, liability and indemnification issues associated with the increased capacity and speed of new transportation systems may influence the diffusion rate for new technologies in the transportation sector.

Training of managers and operators of new transportation systems could also be distributed throughout the country to provide additional benefits from public investment in research and development and diffusion of new technologies. Computer technology and high-fidelity simulation have revolutionized training in aviation, and could be applied in other transportation environments.

ii) Research and Development

Technological innovation can enhance the competitiveness of the Canadian transportation sector, and enable carriers to expand and diversify the services they provide to users. Development and diffusion of cost-effective transportation technologies will enable Canadian carriers to pursue new network and market configurations and management innovations. Environmental problems caused by the transportation sector can also be reduced through the introduction of more energy efficient vehicles and public transportation systems.

Saskatchewan encourages the federal government to provide financial support for the development of new technologies relevant to the needs of rural and remote regions, as well as more densely populated regions. This would ensure that the benefits of new transportation technologies are distributed more equitably across the country.

Technology and management innovations that could benefit inter-city passengers include:

* Improved combination truck-bus vehicles that enhance the economics of passenger and parcel express service on rural and northern routes.

* Improved small passenger jets and turbo prop aircraft that support enhanced regional air services.

* Development of new vehicle designs to accommodate the elderly and disabled more effectively.

* Improved engine designs and conversion technologies for alternative transportation fuels such as ethanol and compressed natural gas.

* High-speed rail systems in heavily-travelled corridors.

* Inter-city bus hubbing and integration with urban public transportation systems.

* Intelligent vehicle/highway systems (IVHS) that supply real-time information to drivers and traffic controllers.

* Advanced air traffic control systems.

* Supersonic airliners for use on transcontinental and international routes.

* Development of more comprehensive computerized reservation systems (CRS) for all modes of public transportation.

Many of these technologies would primarily benefit residents of large urban centres, where the demand for inter-city passenger transportation services is adequate to generate an attractive return on investment for carriers.

Future technological change in the motor coach industry will include increased use of electronics in buses, to improve operating efficiency and safety. This will require increased training in driver safety skills and general technical proficiency. Introduction of innovations developed in the trucking industry such as on-board computer systems, routing advice systems, and navigation systems in the motor coach industry would increase the need for driver training.

Development of new electronic IVHS technologies could provide improved real-time information on routing, accidents, traffic flows, and roadside services to drivers and traffic controllers. IVHS also has the potential to make vehicles more autonomous through collision avoidance systems and lane-tracking technology. The priority given to development of advanced transportation systems incorporating IVHS technology by the European Community and Japan indicates that a similar commitment by the private sector and the federal and provincial governments may be required to ensure that Canada remains competitive in this area.

The continued evolution of telecommunications technology, including the spread of fibre optic networks and video conferencing, could influence future trends in inter-city passenger transportation. Business and convention travel and commuting patterns could be affected by more widespread usage of fibre optic networks, as they become more sophisticated and efficient.

Video conferencing technology now in use has encouraged increased business and convention travel, since it is primarily utilized to facilitate meetings. The airline industry believes that business travel will not be negatively affected by increased usage of telecommunications technology over the next ten years. However, the telecommunications industry maintains that business travel could be reduced as more sophisticated video conferencing technology and other fibre optics applications become more widely available.

Access to new telecommunications technologies could reduce the locational disadvantages now experienced by rural regions such as Saskatchewan, due to their distance from major population centres and markets.

The next generation of computer reservation systems (CRS) will be linked to networks that provide comprehensive travel information about items such as routing, schedules, modal interconnections, lodging options, community activities, tourist attractions, and foreign exchange rates for business and leisure travellers. Access to CRS networks through personal computers will provide people with increased travel information and enhance opportunities to make airline reservations and other travel arrangements directly.

Saskatchewan communities outside of Regina and Saskatoon are not presently listed on the CRS databases used by airlines and travel agents, because user demand does not justify the additional costs involved in collecting this data. Future opportunities to expand business and tourism travel in Saskatchewan could be constrained if many communities in the province continue to be excluded from CRS networks used in the transportation sector.

iii) Procurement

More of the benefits associated with research and development and commercialization of new technologies could be extended to less populated regions such as Saskatchewan, through enhanced procurement opportunities for Saskatchewan companies in transportation systems developed with funding support from the federal government.

It is estimated that Transport Canada expenditures on procurement for transportation projects will total $1.5 - 2 billion during the 1990 - 2000 period. Three Saskatchewan companies have recently sold to Transport Canada for its major national level procurement and twenty have supplied goods and services for regional operations. Expansion of procurement opportunities in the areas of custom electronics and software systems, mechanical hardware and metal fabrication, and project documentation to support the development of new transportation technologies could provide significant benefits for qualified Saskatchewan companies and those in other less populated regions.

RECOMMENDATIONS CONCERNING TRANSPORTATION TECHNOLOGIES

Development of new transportation technologies and management innovations could increase the usage of public transportation because of improved service, reduced costs, and greater economic efficiency. Improved access to different modes could reduce dependence on private motor vehicles for inter-city passenger travel.

Regional differences in passenger transportation needs should be considered by the federal government in funding provided for technological innovation, to ensure that the benefits of new technologies are distributed equitably throughout the country.

Increased federal support for technology development and diffusion could be provided in part from revenues generated from taxes on the transportation sector. Federal funding could be designed to complement ongoing provincial support in areas such as rural bus services, transportation services for the elderly and disabled, and alternative transportation fuels. Options for developing these technologies are included in the sections dealing with Public Transportation Services in Rural and Remote Areas and The Environment, respectively.

Procurement opportunities in public transportation initiatives funded by the federal government should be extended to companies in Saskatchewan and other regions with low population densities, to improve the distribution of benefits they derive from the introduction of new transportation technologies.

4. Financing of The Transportation Infrastructure

Public policies related to financing of transportation infrastructure should foster improved inter-city passenger transportation services, consistent with the need to promote economic efficiency. Competition among different transportation modes should be encouraged through appropriate pricing and cost-recovery mechanisms. To achieve these objectives, policy initiatives must give consideration to changes in user demand trends, jurisdictional and regulatory issues, regional interests, the impact of new transportation technologies, and the need to enhance the competitiveness of the Canadian economy.

i) Financing Issues

Financial considerations and capabilities play an important role in the evaluation of transportation policy options, particularly with respect to infrastructure development. Flexibility and efficiency should be important criteria in the development of investment strategies for different passenger transportation modes. Other factors that have to be considered in planning transportation systems include:

* Responsiveness of infrastructure investment to user demand
* Options for improving the allocation of costs among users
* Options for financing capital and operating costs through user charges
* Options for providing public subsidies for infrastructure
* The role of the public and private sectors in financing transportation infrastructure

ii) Financing Options

It is evident that the upgrading, rehabilitation and maintenance needs of public transportation infrastructure, especially the highway network, are much greater than the current or projected levels of expenditures by the federal, provincial and municipal governments. Therefore, it is essential that innovative methods of financing transportation infrastructure be explored.

Options for financing transport infrastructure include:

* Government financing from general (consolidated) revenues. For example, highways are financed by the provinces from general revenues, with the partial exception of New Brunswick and Nova Scotia, which dedicate part of their road-fuel taxes to primary highways.

* Direct or indirect user-fees. Examples include the 10 per cent air transportation tax in Canada and toll highways in various countries.

* Construction and operation by the private sector. This approach is being used for the development of the third terminal at Pearson International Airport in Toronto and through concessionary corporations for motorways in France and Italy.

* The potential for private sector involvement in the financing and operation of transportation infrastructure of all types should be investigated. This could increase the overall level of funding available for transportation system improvements. In addition, this would subject investment in transportation systems to marketplace feasibility tests.

* Dedicated highway trust funds in which road-fuel taxes and other road-related taxes are allocated to road construction and upgrading. Federal and state highway trust funds in the U.S. are used to fund highway projects.

All federal and most provincial road-fuel taxes go into general revenues, and are not dedicated to financing highway infrastructure improvement. Revenue derived by the federal government from road-fuel taxes is more than 10 times the size of its expenditures on highways, which are considered a provincial responsibility.

The federal government has been moving towards increased cost-recovery through user charges in the air and marine modes, which are under federal jurisdiction.

iii) Financing The National Highway System

The federal, provincial and territorial governments support the concept of a designated National Highway System. In order to implement the proposed system, which includes all major inter-provincial and international connections, federal funding will be required to upgrade designated highways.

The report for Phase One of the National Highway Policy Study was made public in late 1988. The report designated 24,500 kilometres of major highways as the National Highway System. Approximately one-tenth of this system is in Saskatchewan. The report estimated that about two-fifths of the national system was below minimum design or performance standards.

Phase Two of the study, released in February 1990, estimated that $13 billion in capital spending would be required over ten years to bring the National Highway System up to minimum performance standards. The current provincial capital expenditure on highways included in the proposed National Highway System is about $600 million per year, which is less than half of the estimated funding required to effectively upgrade them.

Phase Three of the study, which will be presented to the Council of Transportation Ministers in September, 1990, has reviewed highway funding mechanisms in other jurisdictions. Canada is the only country among industrialized nations with a federal system where the federal government does not have the main financial responsibility for its national highway system. The federal share of capital improvements on national highways is 90 per cent in the U.S. and 100 per cent in Australia and West Germany.

The ten provincial governments have urged the federal government to make a substantial financial contribution to the proposed National Highway System, because the provinces do not have the resources needed to upgrade the system to an acceptable standard.

RECOMMENDATIONS CONCERNING FINANCING OF TRANSPORTATION INFRASTRUCTURE

The need to develop a consistent, cost-effective framework for financing transportation infrastructure in Canada is one of the most important inter-city passenger transportation issues. The Royal Commission should study potential options for addressing this issue and bring forward policy recommendations that could improve the economic efficiency and other benefits associated with investment in public transportation systems.

Innovative financing options for transportation systems that improve the distribution of costs and enhance economic efficiency should be examined. Better understanding of the utilization of transportation infrastructure by different users is required to develop appropriate financing arrangements that allocate public expenditures more efficiently.

Innovative financing options for transportation infrastructure and services should be examined by the federal and provincial governments, to balance the need to upgrade and modernize existing systems with the resources required to accomplish this task. It is important to determine who benefits from transportation infrastructure and services when developing funding mechanisms, in order to development appropriate criteria for cost recovery and subsidization of certain public transportation systems.

Transport Canada has been studying options for a National Highway Program to fund the proposed National Highway System. The Royal Commission on National Passenger Transportation should emphasize the need for participation by the federal government in the development of appropriate funding arrangements for the National Highway System.

Significant federal funding will be required to upgrade highways designated for inclusion in the proposed National Highway System. The federal government should cost-share funding with the provinces for improvement of the National Highway System. It would be appropriate for the federal government to allocate a larger portion of the revenues derived from road-fuel taxes to improvement of the National Highway System than the current level of 10 per cent.

5. Enhancement of Rail Passenger Services in Saskatchewan

The Saskatchewan Government regrets the decision by the federal government to reduce passenger rail service to some Saskatchewan communities and eliminate service on the southern transcontinental route. Opportunities to upgrade remaining passenger rail service in Saskatchewan should be examined to ensure that ridership does not decline and further cuts in service are not required.

The recent cutbacks in Via Rail service were justified by the federal government on the grounds that revenues derived from users did not cover an adequate portion of the cost of service. Enhancement and modernization of existing passenger rail service through increased capitalization of operations should be given high priority by the federal government to ensure that ridership and operating revenues do not decline, and thus lead to further cuts in service.

In addition, high operating costs and little potential for revenue growth in the provision of remote rail services reduces overall cost recovery from Via Rail passenger services. Continuation of these services could contribute to the provision of minimum acceptable levels of public transport in remote areas, and meet other social and economic policy objectives.

Different cost recovery criteria should therefore be used in future evaluations of passenger rail services in remote and southern regions of the country, to reflect this situation. Alternatively, Via Rail has suggested that consideration could be given to supporting other modes of transport which provide the required services at less cost.

6. Passenger Transportation and The Environment

i) Environmental Issues

The most significant environmental issue associated with inter-city passenger transportation in Saskatchewan is the production of atmospheric emissions from vehicle exhausts.

The impacts from these emissions can be characterized as being local, regional, or global in nature. The local impact is ground level ozone, or smog, which results from nitrogen oxide (NOx) and volatile organic compounds (VOCs). Local impacts are not considered to be a significant environmental issue in Saskatchewan, since Saskatchewan cities are not as large or densely populated as major metropolitan areas in other provinces.

Carbon dioxide emissions are of most concern to Saskatchewan among the regional and global impacts of the transportation sector, because of growing scientific and public concern about the potential for long term climatic change resulting from the "greenhouse effect". However, the Saskatchewan transportation sector is a relatively small contributor to this problem on an overall basis, compared with transportation users in larger provinces.

A recent estimate prepared by the Government of Saskatchewan indicated that in 1988 the use of refined petroleum products such as gasoline and diesel fuel for on-road transportation of passengers and goods in Saskatchewan resulted in the emission of approximately 4.4 million tonnes of energy-related carbon dioxide, which represented about one-seventh of the total carbon dioxide emissions in the province. The transportation sector is the second largest sectoral contributor of carbon dioxide emissions, trailing only the electrical generation sector which accounts for about two-fifths of the total carbon dioxide emissions in the province.

The relative importance of the transportation sector in the generation of carbon dioxide emissions is expected to grow over the next fifteen years. The federal government has forecasted that the use of refined petroleum products for transportation of passengers and goods in Saskatchewan in 2005 will result in the emission of 6.5 million tonnes of energy-related carbon dioxide, almost one-fifth of total provincial carbon dioxide emissions.

ii) Alleviation of Environmental Effects

a) Regional Concerns

Saskatchewan believes that consideration must be given to regional differences in the development of options for reducing the environmental impact of the transportation sector. Urban air quality issues associated with the transportation sector should be treated as local or regional problems, not national problems.

Saskatchewan would be concerned if significant financial support were to be provided by the federal government to transit systems in major metropolitan areas to achieve environmental goals, as was recently proposed by the Canadian Urban Transit Association. Any federal support for transit systems in large urban centres would have to be balanced by passenger transportation initiatives structured to provide benefits to less urbanized regions.

RECOMMENDATIONS CONCERNING ALLEVIATION OF ENVIRONMENTAL EFFECTS

Measures taken at a national level to address environmental impacts in densely populated regions must not create fiscal transfers from less populated regions to densely populated regions.

Federal policy initiatives to reduce vehicle exhaust emissions or mitigate other environmental impacts generated by the transportation sector should reflect regional differences in the production and effects of various air pollutants.

Appropriate federal policy initiatives are needed to mitigate the impacts of the transportation sector on the environment. Federal initiatives to deal with urban air quality problems should be sufficiently flexible to address the special needs of less populated regions. In addition, these regions should have an opportunity to share in available benefits associated with federal funding of mitigation measures. Consideration should be given to routing any federal assistance through the provinces to enhance the regional sensitivity of federal programs.

b) Role of Alternative Fuels

One of the most effective options for reducing vehicle emissions is to encourage the widespread use of alternative transportation fuels, especially compressed natural gas (CNG) and ethanol. Saskatchewan has taken a leadership role in the development of alternative transportation fuels through the Ethanol Production and Marketing Incentive Program introduced in 1987 and the CNG Farm Demonstration Program.

Compressed natural gas is already widely used throughout the world, with more than 700,000 CNG vehicles in use in 38 countries. In many circumstances the use of compressed natural gas is cost-competitive with conventional fuels. As well, the use of CNG vehicles can reduce volatile organic compounds (VOCs) and carbon monoxide emissions by more than four-fifths, and can significantly reduce nitrogen oxide emissions. Emissions of carbon dioxide may be reduced by almost one-third.

Ethanol is a desirable alternative transportation fuel because it is a renewable energy source that contributes to energy security. It can also be blended with gasoline to increase the oxygen content, which reduces concentrations of ground level ozone. The economic viability of ethanol and CNG is dependent on world oil prices. Recent increases in world prices may make more widespread usage of these alternative fuels feasible, if higher oil prices are sustained in the medium to long-term.

RECOMMENDATIONS CONCERNING ALTERNATIVE FUELS

Federal initiatives to encourage the use of alternative transportation fuels could include:

* **Increased financial support for research and development to improve vehicle conversion technologies, develop new dedicated natural gas engine designs, improve existing fuel production techniques, and reduce fuel production and vehicle conversion costs.**

* **Increased financial support to demonstrate the technical and economic feasibility of utilizing alternative fuels. Inter-city buses that operate on alternative fuels could be funded, to complement urban transit demonstration projects.**

* **Increased financial support to promote market penetration of alternative fuels through measures that reduce vehicle conversion costs and assist with the development of distribution and marketing infrastructure.**

* **Financial support to ensure that alternative fuels are economically competitive with conventional fuels. This could include reduction or elimination of federal road-fuel taxes on alternative fuels.**

* **Public education initiatives to provide information about the environmental benefits of alternative fuels.**

The Government of Saskatchewan would be prepared to consider participating in joint federal-provincial programs to encourage the use of alternative fuels such as CNG and ethanol.

VI RECOMMENDATIONS AND CONCLUSIONS

1) **Integrated long-range planning by different levels of government and the private sector is essential in developing cost-effective transportation infrastructure and services. National passenger transportation initiatives should balance the priority given to enhancing public transportation systems in densely populated regions such as the Windsor - Quebec City corridor with support for appropriate passenger transportation options in Saskatchewan and other less densely populated regions of the country.**

2) **Action is required by the federal government to address inter-city passenger issues of concern to Saskatchewan. These include:**

   * Commitment to maintaining a minimum acceptable level of public passenger transportation services for residents of rural and remote areas.

   * Enhanced passenger air service in Saskatchewan and other regions with low population densities.

   * Development of new transportation technologies to enhance service and reduce costs of public transportation in rural and remote regions.

   * Innovative methods of financing transportation infrastructure and services and distributing federal expenditures more equitably among regions.

   * Enhancement of passenger rail service in Saskatchewan.

   * Development of an appropriate environmental framework for addressing environmental impacts generated by the transportation sector.

3) **Opportunities exist for the federal government to develop new public transportation initiatives to deal with these issues, in conjunction with provincial governments and the private sector. These could include:**

   * Participation in the funding of transportation infrastructure and services in rural and remote regions to foster improved access to public transport.

   * Creation of an environment that facilitates the delivery of high quality mainline and regional air services in Saskatchewan and other less densely populated regions.

* Financial support for technological innovations such as combination truck-bus vehicles for use on rural and northern bus routes, new vehicle designs to accommodate the elderly and disabled, and improved engine design and conversion technologies for alternative fuels.

* Federal cost-sharing for improvement of the proposed National Highway System, utilizing revenues derived from road-fuel taxes.

* Enhanced procurement opportunities for Saskatchewan companies and those in other less densely populated regions in transportation projects funded by the federal government.

* Development of environmental initiatives that reflect regional differences in the production and impacts of air pollutants by the transportation sector.

4) **Public transportation infrastructure financing should be given high priority by the federal and provincial governments. Appropriate funding options that improve the distribution of costs and enhance economic efficiency should be pursued. Better understanding of the utilization of transportation systems by different users and the benefits they derive are needed to develop appropriate funding mechanisms and cost recovery criteria for transportation infrastructure and services.**

5) **The federal government should be encouraged to participate in the proposed National Highway System through commitment to the financing of designated highway infrastructure, since it now derives ten times more revenues from road-fuel taxes than it allocates to highways. Appropriate cost-sharing arrangements with provincial governments should be pursued.**

6) **The Saskatchewan Government regrets the decision by the federal government to reduce passenger rail service to some Saskatchewan communities and eliminate service on the southern transcontinental route. Opportunities to upgrade remaining passenger rail service in Saskatchewan should be examined to ensure that ridership does not decline and further cuts in service are not required.**

7) **The Saskatchewan Government is prepared to work closely with the federal government, carriers, and other interested groups to develop convenient and affordable public inter-city transportation systems and services. The challenge facing both levels of government is to create an environment that facilitates the development of cost-effective public transportation options that meet the present and future needs of users.**

APPENDIX I

SASKATCHEWAN PASSENGER TRANSPORTATION INVENTORY

1990

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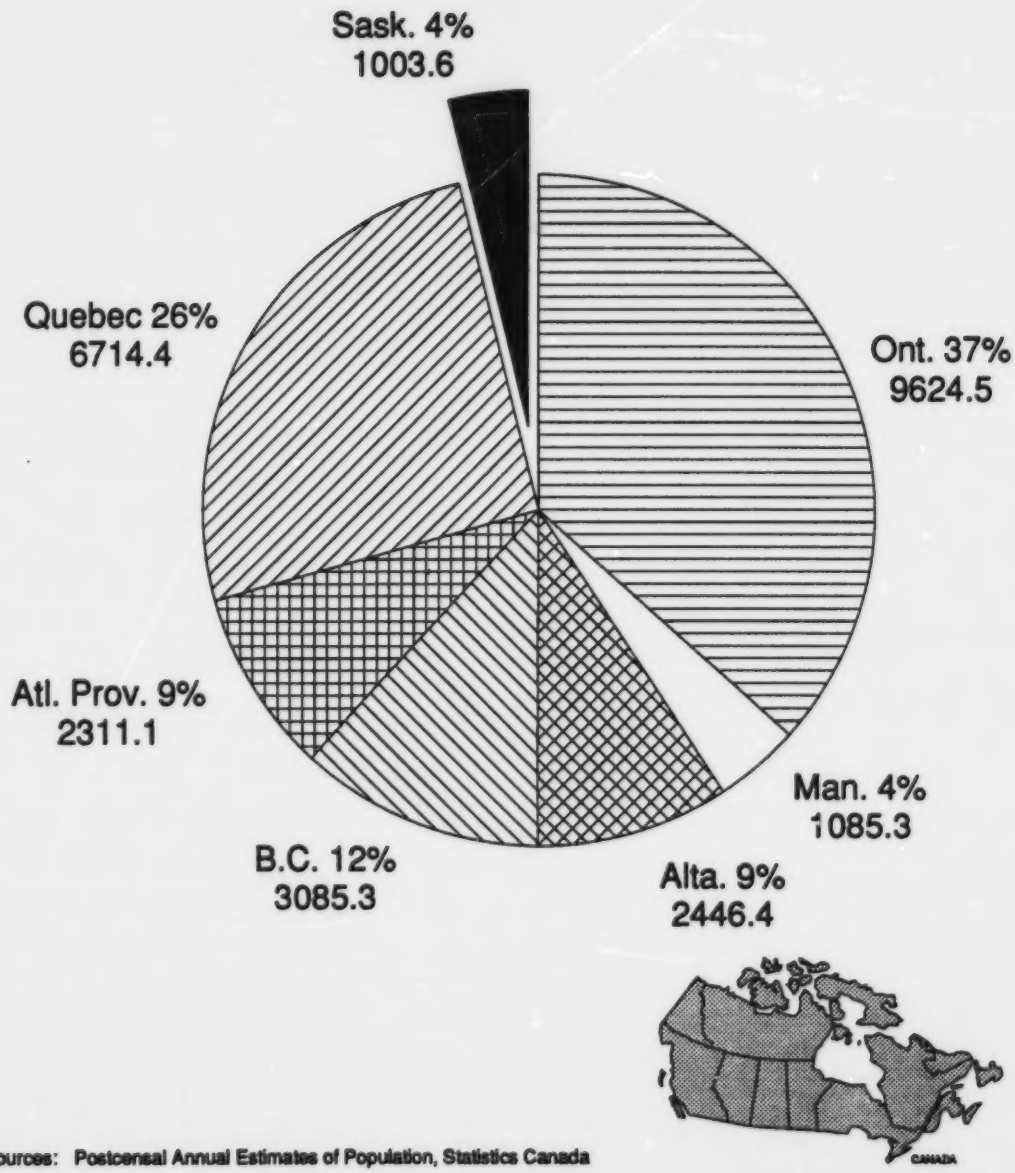
INTRODUCTION

Passenger transportation is a vital asset to Saskatchewan's economic development and social mobility. The need for it has led to the use and development of four major modes of passenger transportation in Saskatchewan, namely - the private automobile, bus, air and rail services.

An inventory of passenger transportation services available in Saskatchewan is useful in identifying transportation needs and areas of support and development for future transportation services. This inventory includes statistical, graphical, and topographical information on passenger transportation modes used in Saskatchewan. It also contains demographic information on Saskatchewan's economy and population as well as a summary of existing programs and services. The purpose for its inclusion is to provide a means for evaluating the level and quality of passenger transportation services within Saskatchewan.

PROVINCIAL STATISTICS

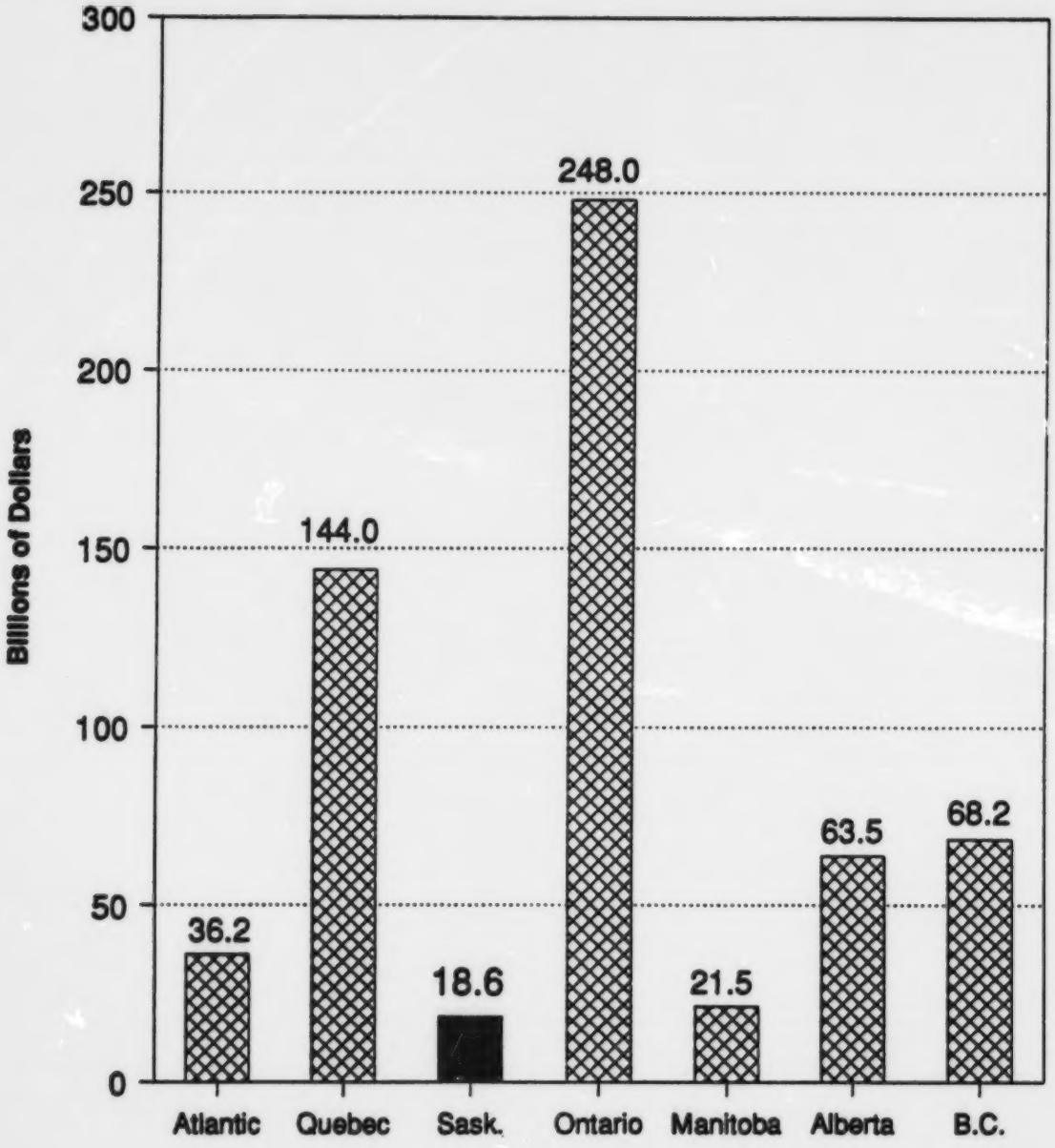
1989 Provincial Populations
(thousands)



Sources: Postcensal Annual Estimates of Population, Statistics Canada

Saskatchewan Department of Highways & Transportation
July 1990

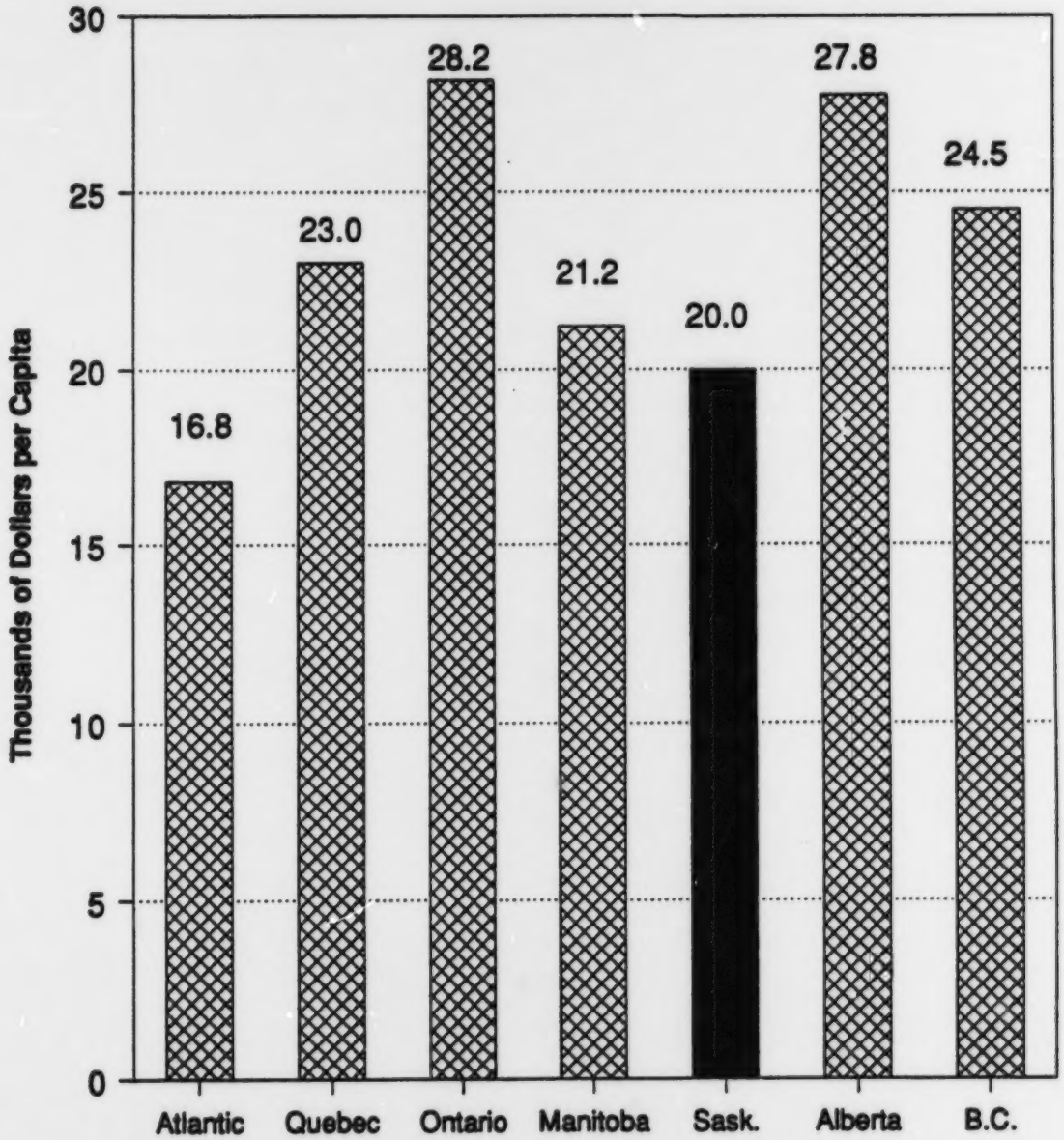
1988 Gross Domestic Product
($ Billions)



Sources: At Market Prices, Statistics Canada

Saskatchewan Department of Highways & Transportation
July 1990

1989 Per Capita
Gross Domestic Product



Sources: Postcensal Annual Estimates of Population, Statistics Canada
The Labour Force, Statistics Canada

Saskatchewan Department of Highways & Transportation
July 1990

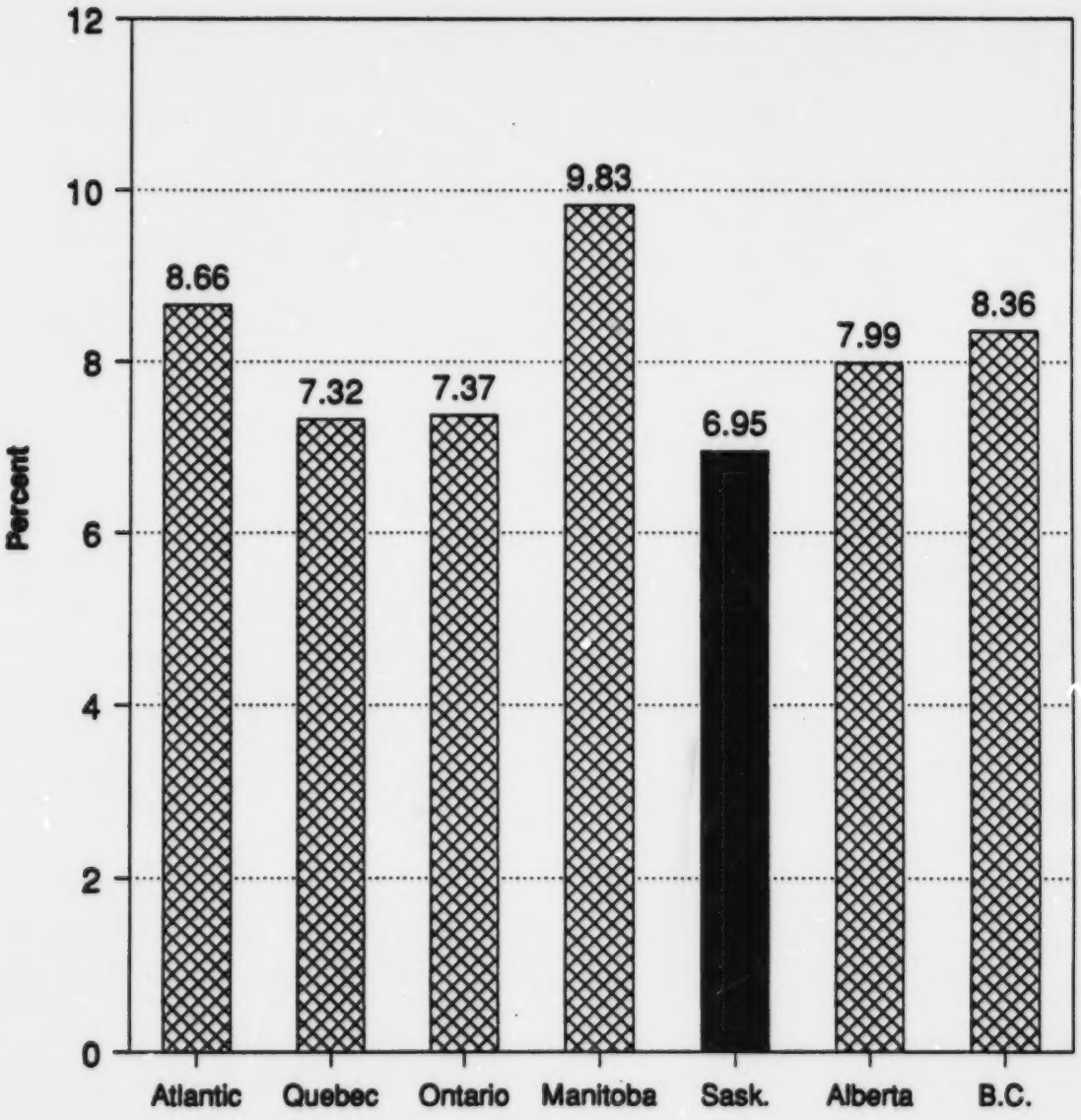
SASKATCHEWAN MUNICIPALITIES
1990

MUNICIPALITIES	NUMBER	TOTAL POPULATION
CITIES Saskatoon Pop. = 177,641 Regina Pop. = 175,064	**12**	**506,250**
TOWNS (Northern Towns)	**144** (2)	**163,803** (4,325)
VILLAGES (Northern Villages)	**325** (12)	**62,238** (10623)
RESORT VILLAGES	**39**	**1528**
NORTHERN HAMLETS	**13**	**2547**
RURAL MUNICIPALITIES	**299**	**229,851**
* Figures shown are 1989 assessments.		981,165

Sources: Municipal Directory, Saskatchewan Urban Affairs

Saskatchewan Department of Highways & Transportation
July 1990

1989 Transportation Labour Force As a Percentage of Total Provincial Labour Force



Sources: The Labour Force, Statistics Canada

Saskatchewan Department of Highways & Transportation
July 1990

HIGHWAY STATISTICS

HIGHWAY STATISTICS

1989

I. Infrastructure

A. Provincial Highway System: 19,666 Km

1. Arterial Highways - 3,521 Km
2. Collector Highways - 6,309 Km
3. Local Highways - 9,836 Km

B. DHT Provincial Roads: 5,797 Km

C. Total Provincial Highway System including Provincial Roads: **25,463 Km**

II. Modes of Transportation

A. Automobile: 704,983 registered motor vehicles.

B. Bus:

1. Number of Kilometres used by scheduled intercity passenger services:

a. STC: 8,123,340 km.[1]
b. Greyhound: 2,720,000 km.
c. Moose Mountain Lines: 173,978 km.
d. Leader Carrier Ltd: 109,824 km.
e. Capital Coach Lines - RBSP:[2] 133,000 km.
f. Butte Bus Lines - RBSP: 37,440 km.
g. Carlton-Green Lake Trail Bus Line - RBSP: 38,000 km.
h. Western Trailways - RBSP: 131,000 km.
i. RTAP Routes: 308,900 km.
j. Total: 11,775,482 km.

2. Total highway kms. used by buses in Saskatchewan: 8,638 km.

3. Percentage used by scheduled buses: 35%.

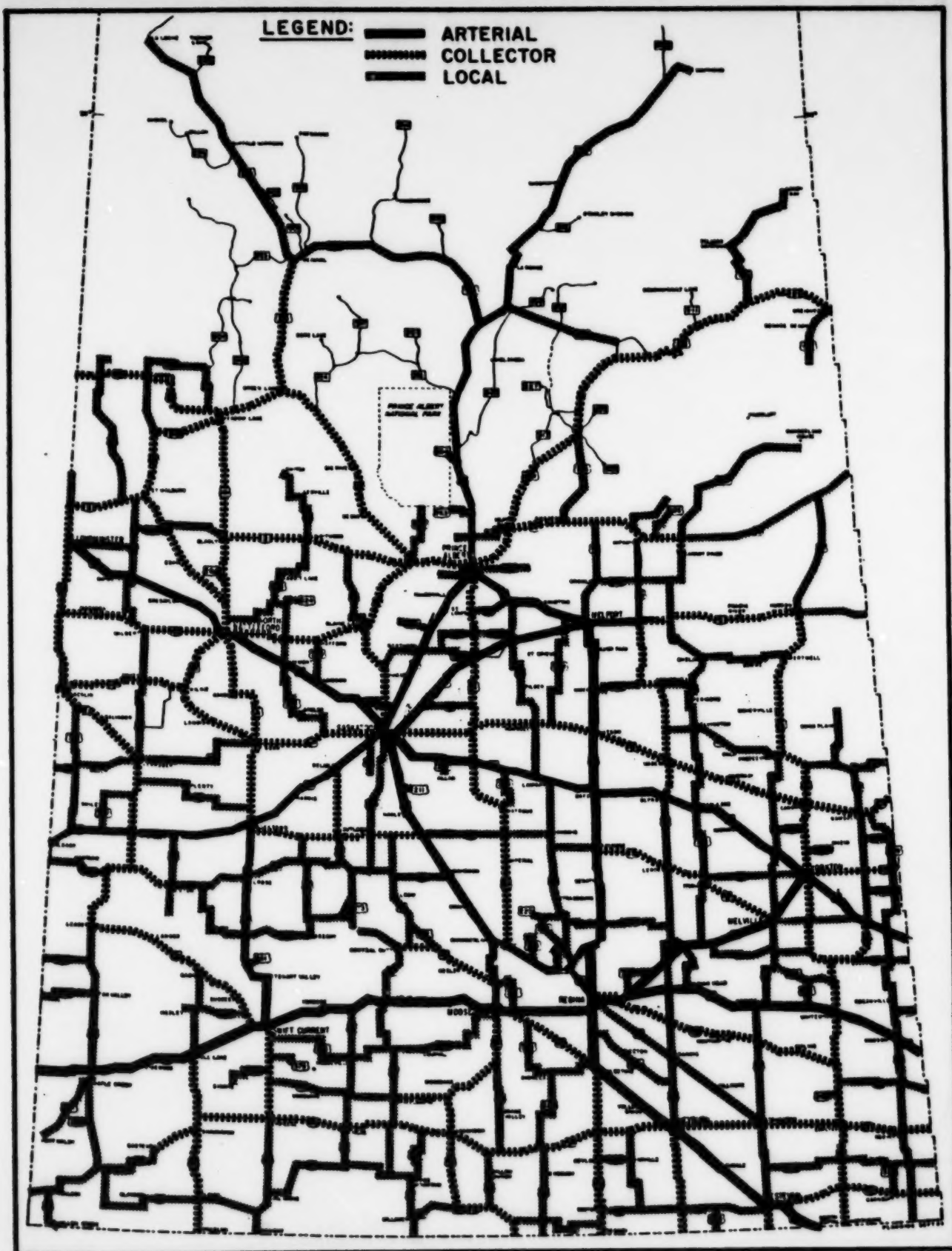
---

[1] STC's figures cover October 1988 to October 1989. Figures obtained from private operators and the Department of Highways and Transportation.

[2] Rural Bus Subsidy Program

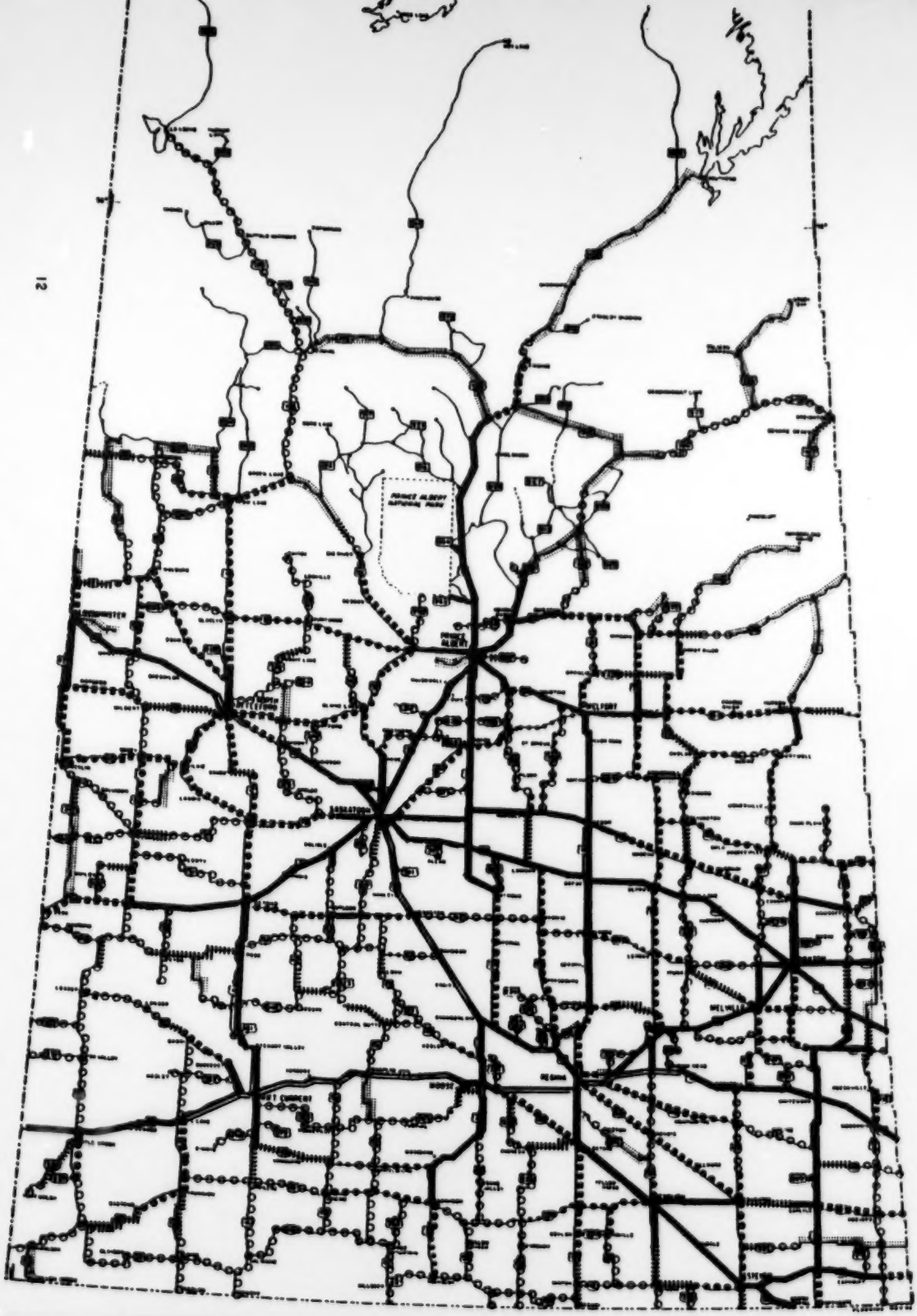
4. Financing: companies operate over public highways and pay licence fees and fuel taxes; STC and Greyhound cross-subsidize within their operations; and, most bus companies (except for Greyhound) serving rural Saskatchewan receive a operating subsidy from the Department of Highways and Transportation.

5. Regulation: entry, exit, express, fares, and frequency of scheduled services regulated by Saskatchewan Highway Traffic Board; inter-provincial and provincial charter operations deregulated in mid-1980's, extra-provincial still regulated.



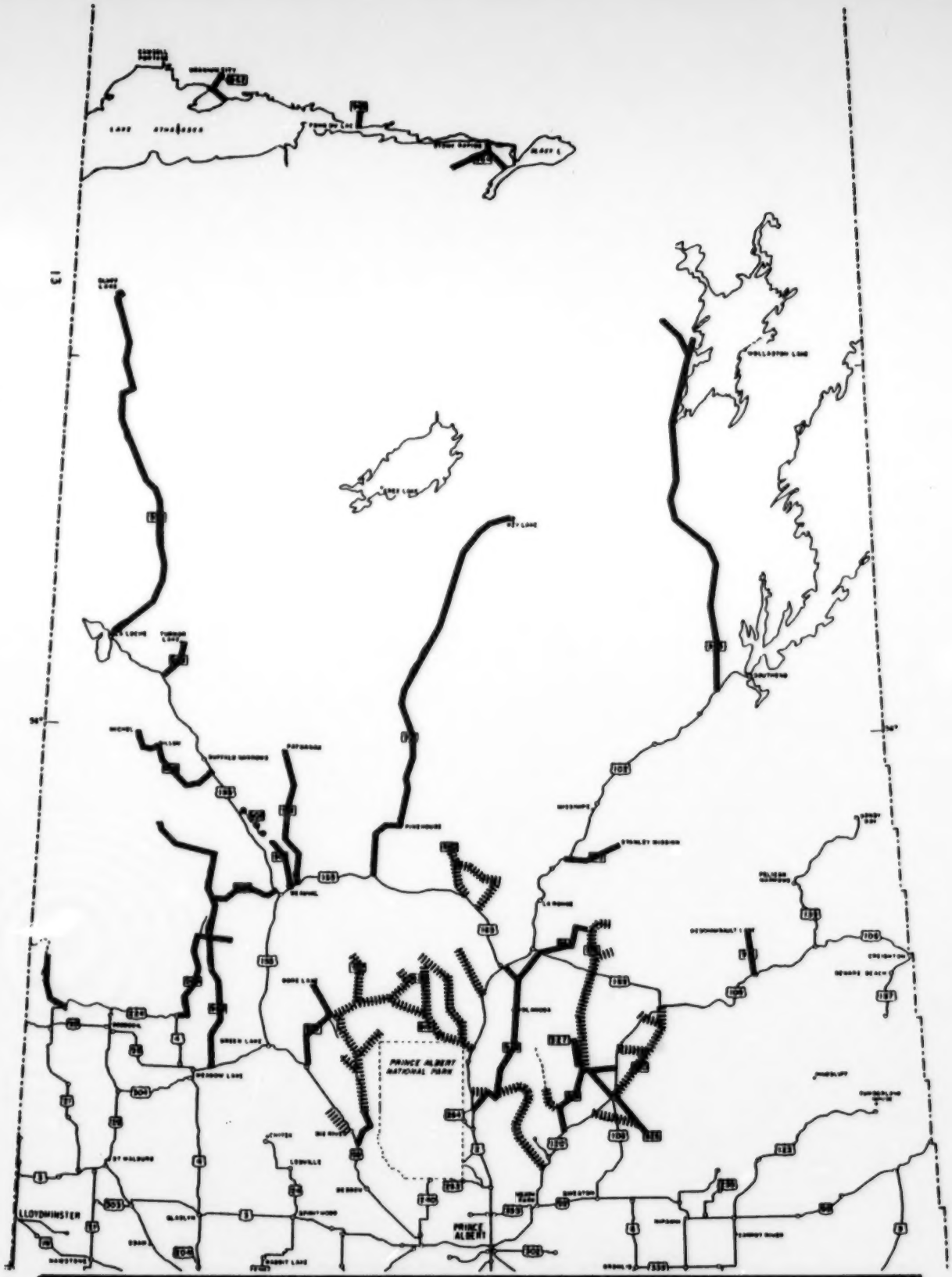
SASKATCHEWAN HIGHWAYS AND TRANSPORTATION

NETWORK AND CLASSIFICATION MAP



EXISTING PROVINCIAL HIGHWAY SURFACE TYPES (AS OF MARCH 31, 1989)

- 4 LANE
- STANDARD PAVEMENT
- "A" PAVEMENT
- "B" PAVEMENT
- "C" PAVEMENT
- "D" PAVEMENT
- GRAVEL
- SEAL ON SUBGRADE



D.H.T. PROVINCIAL ROADS IN NORTHERN SASKATCHEWAN

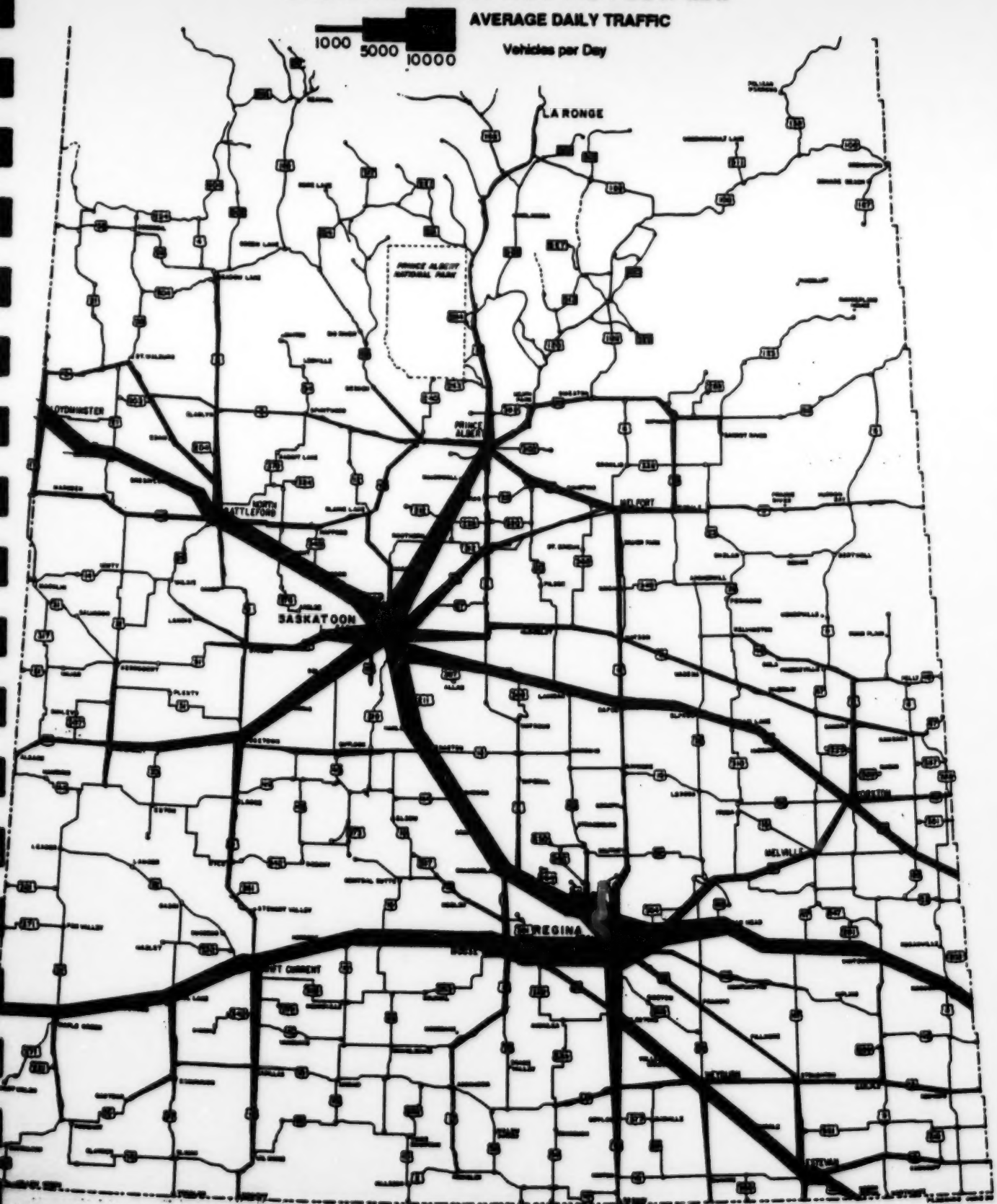
OIL TREATED - NORTHERN PROVINCIAL ROADS (33 km)

GRAVEL - NORTHERN PROVINCIAL ROADS (2463 km)

GRAVEL - ROADS COVERED BY THE WEYERHAEUSER CANADA LIMITED MAINTENANCE AGREEMENT (843 km)

NOTE : ONLY THOSE ROADS 15 km OR MORE IN LENGTH ARE SHOWN

SASKATCHEWAN TRAFFIC FLOW MAP



III. Scheduled Bus Services: daily or near-daily frequency and non-return [NR] routes.[3]

A. Regina

1. Saskatchewan Transportation Company (STC):

- Regina-Saskatoon 4 [NR];
- Regina-Moose Jaw-Saskatoon 2 [NR];
- Regina-Yorkton-Swan River 1;
- Regina-Melfort-Nipawin 1;
- Regina-Weyburn-Estevan-Gainsbourough 1;
- Regina-Moose Jaw 1;
- Regina-Assiniboia-Coronach 1;
- Regina-Yorkton-Spy Hill 1;
- Regina-Lanigan-Humboldt 1;
- Regina-Moose Jaw-East End/Shaunavon 1;
- Regina-Weyburn-Estevan-Carnduff 1;
- Regina-Watrous 1 (3 days/week);
- Regina-Balcarres-Esterhazy 1;
- Regina-Yorkton-Preeceville 1.

2. Greyhound Lines

- Regina-Calgary-Westbound 6;
- Regina-Winnipeg-Eastbound 6;
- Regina-Reston-Winnipeg 1.

3. Moose Mountain Lines:

- Regina-Wawota-Maryfield 1;
- Regina-Rocanville 1.

4. Capital Coach Lines Inc.: (RBSP)[4]

- Regina-Redvers 1.

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[3] A schedule of bus passenger service was obtained from the Official Canadian Bus Guide, April 1990.

[4] This route receives a subsidy from the "Rural Bus Subsidy Program" (RBSP) which is being provided by the Saskatchewan Department of Highways and Transportation.

B. Saskatoon

1. Saskatchewan Transportation Company (STC):

-Saskatoon-Regina 4 [NR];
-Saskatoon-Moose Jaw-Regina 2 [NR];
-Saskatoon-Canora-Yorkton 1;
-Saskatoon-Rosthern-Prince Albert 3 [NR];
-Saskatoon-Alsask-Calgary 2;
-Saskatoon-North Battleford-Meadow Lake 1;
-Saskatoon-North Battleford-Loon Lake 1;
-Saskatoon-Blaine Lake-Prince Albert 1 [NR];
-Saskatoon-Blaine Lake-Marsden 1;
-Saskatoon-Wakaw-Prince Albert 1 [NR];
-Saskatoon-Preeceville-Norquay 1;
-Saskatoon-Canora-Kamsack 1;
-Saskatoon-Watrous 1;
-Saskatoon-Rosetown-Swift Current 1;
-Saskatoon-Frontier 1;
-Saskatoon-Kerrobert-Kindersley-Macklin 1;
-Saskatoon-Bigger-Unity 1;
-Saskatoon-Prince Albert 1 [NR].

2. Greyhound Lines:

-Saskatoon-Lloydminister-Edmonton-Westbound 4;
-Saskatoon-Wainwright-Edmonton 1;
-Saskatoon-Yorkton-Winnipeg-Eastbound 4.

3. Western Trailways: (RBSP)[5]

-Saskatoon-Outlook-Estòn 1.

C. Prince Albert

1. Saskatchewan Transportation Company (STC):

-Prince Albert-North Battleford 1;
-Prince Albert-Wakaw-Saskatoon 1 [NR];
-Prince Albert-Rosthern-Saskatoon 4 [NR];
-Prince Albert-Melfort 1;
-Prince Albert-Creighton 1 (3 days/week);
-Prince Albert-Humboldt-Leroy 1 (2 days/week);
-Prince Albert-La Ronge 1;
-Prince Albert-Big River 1;
-Prince Albert-Melfort-Hudson Bay 1;

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[5] Information on the RBSP came from Saskatchewan Department of Highways and Transportation.

-Prince Albert-Saskatoon 1 [NR];
-Prince Albert-Carrot River-Zenon Park 1.

2. Carlton-Green Lake Trail Bus Lines: (RBSP)[6]

-Prince Albert-Leoville (2 days/week).

D. Moose Jaw

1. Butte Bus Lines: (RBSP)[7]

-Riverhurst-Moose Jaw (3 days/week).

E. Swift Current

1. Leader Carrier Ltd.

- Leader-Swift Current 1.

F. RTAP Routes (Rural Transportation Assistance Program)[8]

1. Beechy Bus Lines Ltd.: (2 trips/day, Tues., Thurs., and Fri.)

-Beechy-Demaine-Lucky Lake-Birsay-Macrorie-Outlook

2. Bengough Bus Line Co-Operative Ltd.: (1 trip/day, Tues., Wed., Fri.)

-Bengough-Glasnevin-Ogema-Pangman-Regina

3. F.A.R. Lines Ltd.: (2 trips/day, Tues. & Fri.)

-Archerwill-Rose Valley-Fosston-Hendon-Wadena

4. Laird Bus Line Co-Operative Ltd.: (2 trips/day, Mon. & Fri.)

-Waldheim-Laird-Rosthern

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[6] See Footnote 4 & 5.

[7] See Footnote 4 & 5.

[8] Information on RTAP came from Saskatchewan Department of Highways and Transportation.

5. Paradise Hill Bus Line Co-Operative: (2 trips/day, Mon. & Fri.)

-St. Walberg-Paradise Hill-Frenchman Butte-Lloydminister

6. Radville-Ceylon Bus Line Co-Operative: (2 trips/day, Mon. & Fri.)

-Radville-Ceylon-Weyburn

7. S.H.E.L. Bus Line Ltd.: (3 trips/day, Tues. & Fri.)

-Central Butte-Elbow-Loreburn-Strongfield-Hawarden-Glenside-Saskatoon

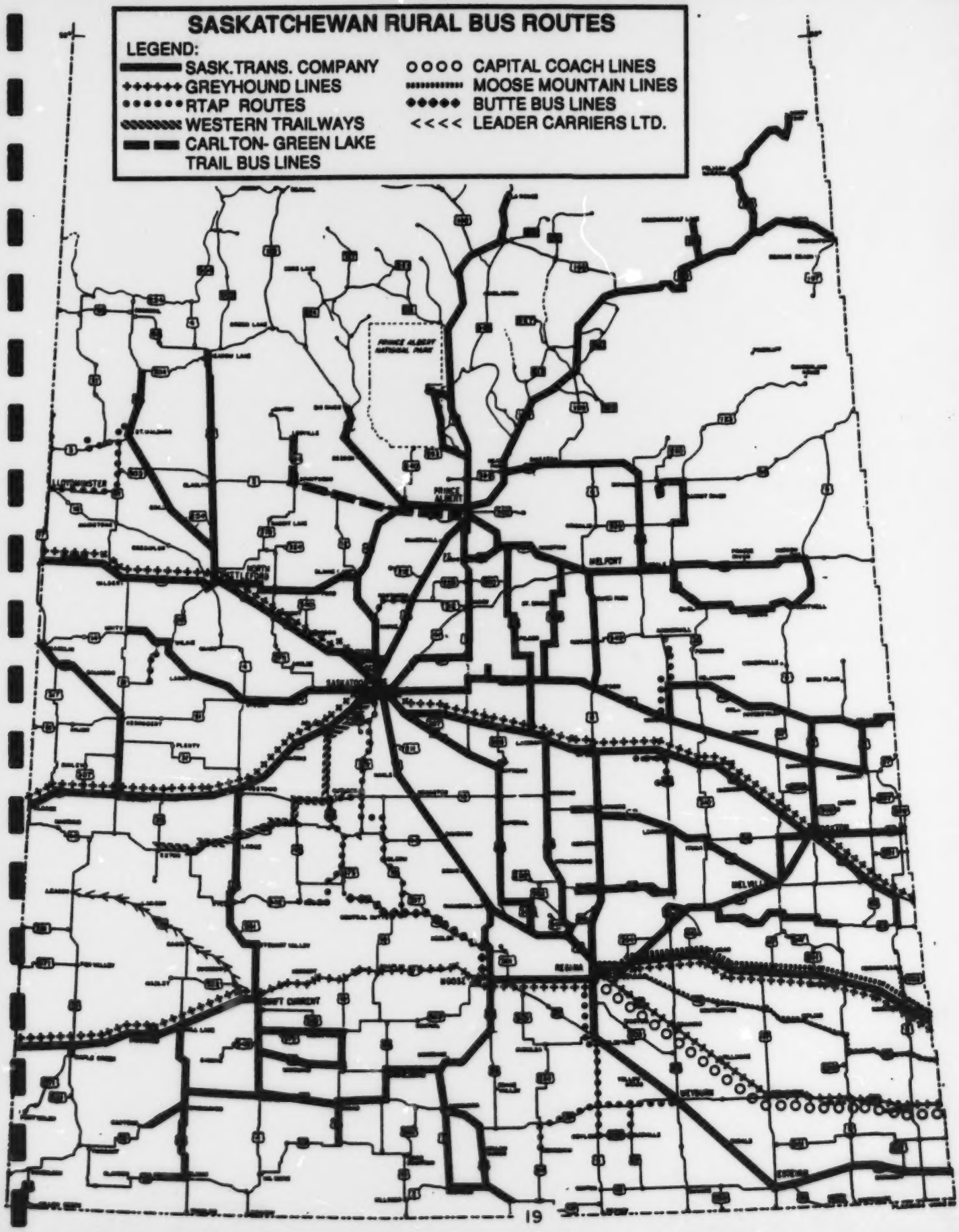
8. Tramping Lake Bus Line Co-Operative: (2 trips/day, Mon. & Fri.)

-Tramping Lake-Wilkie

9. Wishart Bus Line Co-Operative: (2 trips/day, Tues. & Fri.)

-Wishurt-Wynyard

IV. Clientele - approximately 18 - 25 percent are young and 55 - 60 percent are seniors. The remaining 15 - 20 percent are tourists and those without ready access to automobiles.


SASKATCHEWAN RURAL BUS ROUTES
LEGEND:
SASK.TRANS. COMPANY
GREYHOUND LINES
RTAP ROUTES
WESTERN TRAILWAYS
CARLTON- GREEN LAKE TRAIL BUS LINES
CAPITAL COACH LINES
MOOSE MOUNTAIN LINES
BUTTE BUS LINES
LEADER CARRIERS LTD.
PRINCE ALBERT
MELFORT
REGINA

SASKATCHEWAN PROGRAMS

I. Canada-Saskatchewan Yellowhead Highway Improvement Program:

The "Canada-Saskatchewan Yellowhead Highway Improvement Program" began in 1987 and finishes this fiscal year. It is the only program in Saskatchewan specifically related to a major corridor. The program provided a total of 22 million in improvements to the Yellowhead Highway of which 11 million was provided by the Federal Government.

Normally, Saskatchewan does not have specific programs for segments of the highway system. All projects are priorized together to establish the annual capital program for the department.

II. Rural Transportation Assistance Program (RTAP):

The "Rural Transportation Assistance Program" provides transportation services to communities in rural areas which are not presently served by other means of public transportation. These communities must have a population of 200 or more to eligible.

The Government of Saskatchewan, through the Department of Highways and Transportation underwrite the net operating cost (which is the difference between expenditures and revenues) provided an adequate ridership level is maintained. The service is provided by direct contracts taken by the Local Transit Authority (LTA) with private individuals to provide the service on a year-to-year basis.

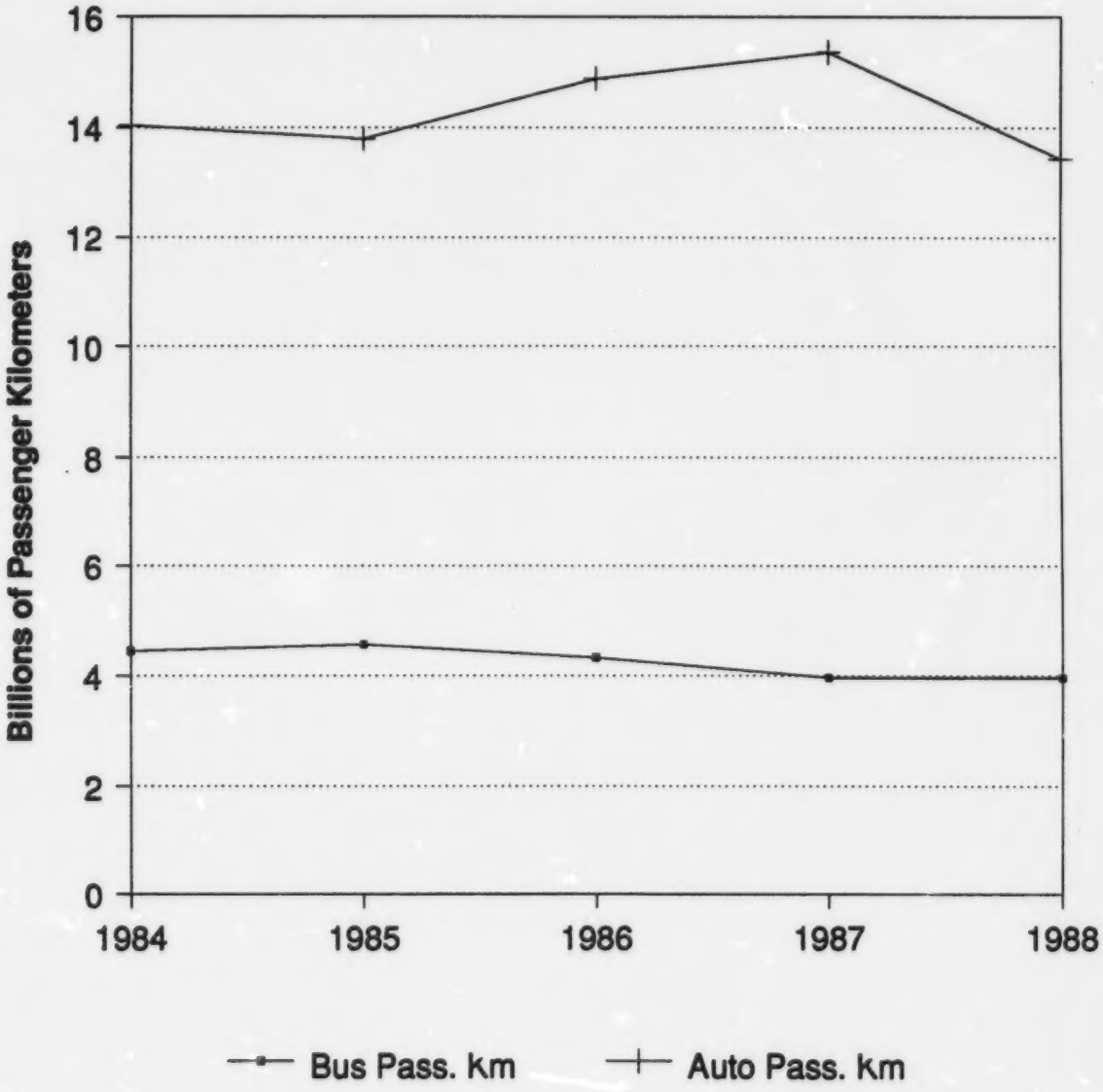
The Northern feeder service is part of an agreement with STC to provide bus service to the Northern communities involved. The total cost of the feeder service is paid for by DHT and STC provides the agent service and collects the revenue.

III. Rural Bus Subsidy Program (RBSP):

The "Rural Bus Subsidy Program" was introduced in May of 1988. The program is designed to maintain scheduled rural bus service in the province by providing assistance to private carriers on unprofitable routes.

In 1988-89 fiscal year, a total of four (4) routes served by private carriers came under this program. The Rural Bus Subsidy program ensures that regular scheduled bus service will continue to communities presently served by private bus operators.

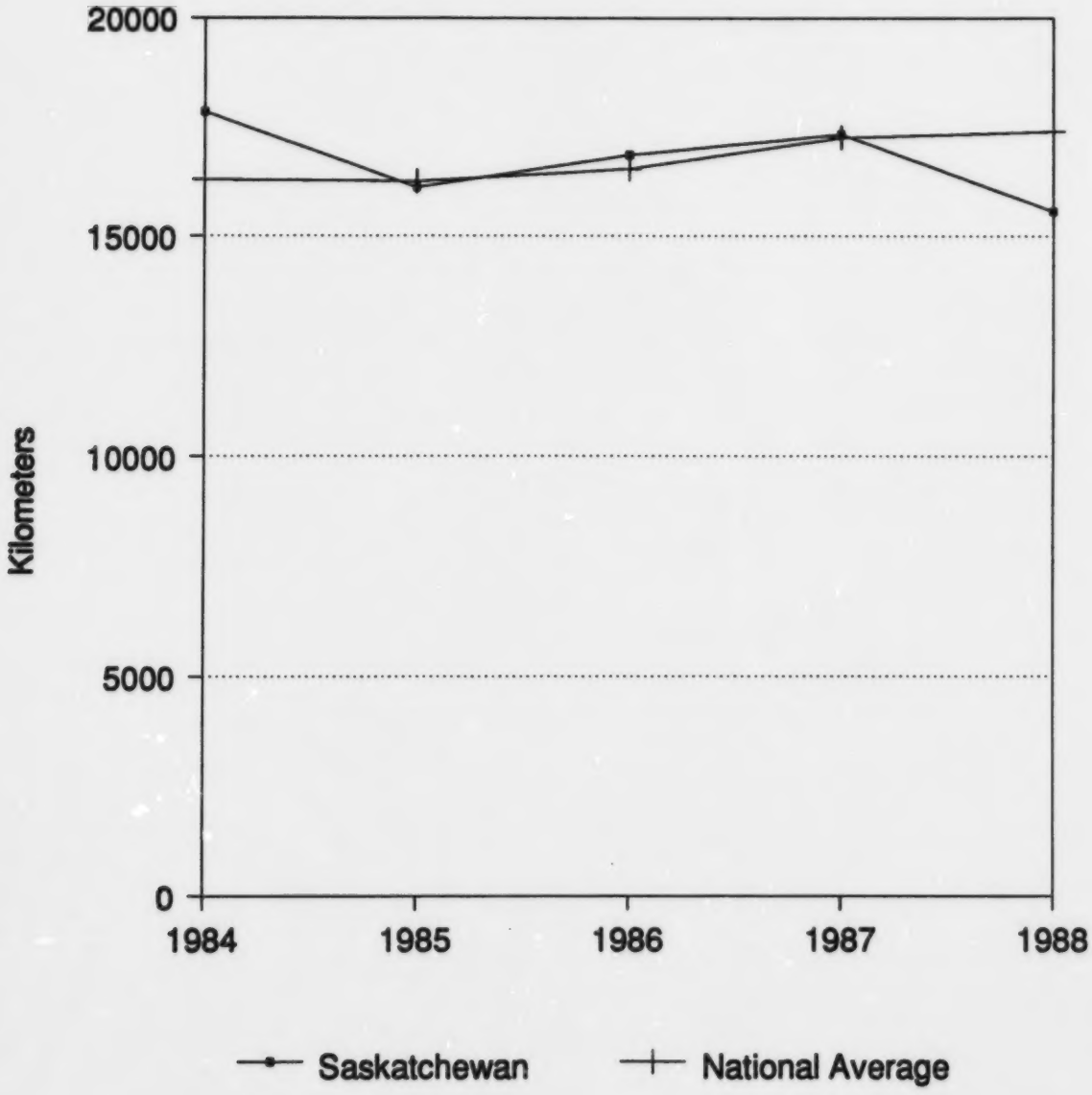
Saskatchewan Automobile and Bus Passenger Kilometers 1985-1988



Sources: Fuel Consumption Survey, Statistics Canada.
Saskatchewan Transportation Company
Saskatchewan Department of Highways & Transportation
July 1990

* Bus Passenger Kilometers based on STC figures only.

Saskatchewan Average Annual Automobile Kilometers Per Vehicle
1984 - 1988



Source: Fuel Consumption Survey, Statistics Canada

Saskatchewan Department of Highways & Transportation
July 1990

RAIL STATISTICS

RAIL STATISTICS

I. Infrastructure

A. Provincial Rail System

1. Total rail kilometres in Saskatchewan:[9] CN: 5,646 Km
CP: 5,948 Km

2. Number of Kilometres used by intercity passenger services:[10]

a. VIA over CP: 855 Km.

b. Percentage of total rail kilometres: 14%

3. Financing: one quarter or fully allocated VIA costs recovered through revenue; rest subsidized directly by federal government.

4. Regulation: fares, frequency, safety, entry and exit all regulated by federal NTA.

II. 1990 Scheduled Rail Services

A. Routes:[11]

1. VIA "Canadian": between Toronto, Sudbury Jct., Capreol, Sioux Lookout, Winnipeg, Saskatoon, Edmonton, Jasper and Vancouver; three times a week; coaches, meal car, sleeper lounge.

2. VIA "Hudson Bay": between Winnipeg, Hudson Bay, The Pas, Lynn Lake, Wekusko, and Churchhill; three times a week; coaches, meal car, sleeper lounge.

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[9] Based on December 31, 1986 figures. Source: ADI Branchline Study.

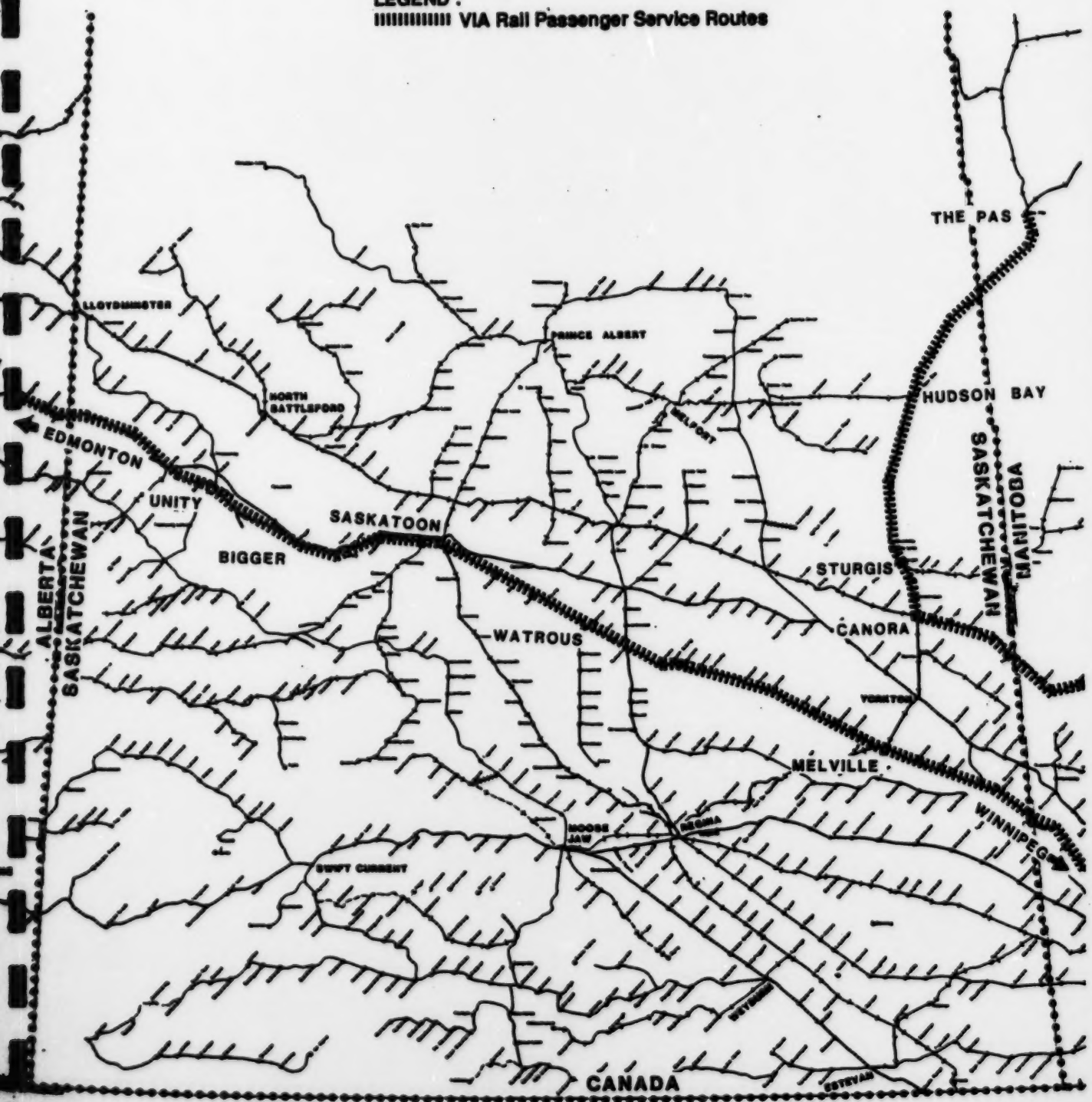
[10] Number of kilometers were calculated using CNR Prairie Region Time Table, and VIA National Timetable.

[11] A schedule of rail passenger service was obtained from VIA National Timetable, May 27,1990.

II. Clientele

Thought to be 85% visitors coming to Saskatchewan or visitors passing through Saskatchewan to Alberta and British Columbia.

SASKATCHEWAN
PASSENGER RAIL SERVICES 1990



AIR STATISTICS

AIR STATISTICS

I. Infrastructure

A. Provincial Airports: 149

1. Saskatchewan has 8 federal, 15 provincial, and 126 community airports (13 primary, 40 secondary, and 73 local) along with 3 water bomber bases.

2. Saskatchewan is served by a system of federally, provincially, and locally owned airports receiving scheduled air services. Federal and provincial airports include:

a. Federal Airports

-La Ronge
-North Battleford
-Prince Albert
-Regina
-Saskatoon
-Swift Current
-Uranium City
-Yorkton

b. Provincial Airports

-Beauval
-Camsell Portage
-Cumberland House
-Dore Lake
-Fond-Du-Lac
-Hidden Bay
-Ile-A-La-Crosse
-La Loche
-Patunak
-Pelican Narrows
-Pinehouse Lake
-Sandy Bay
-Southend
-Stony Rapids
-Wallaston Lake

B. Financing: the federal government is responsible for air traffic control, meteorological, security and customs services at all licensed Canadian airports. All three levels of government provide infrastructure at their own airports. Users pay for these services through aviation fuel taxes, landing fees, the air traffic transportation tax, and special user fees; however, not all costs are covered.

C. Regulation: entry, exit, fares, and frequency have been deregulated for domestic travel in the southern portion of the country. The National Transportation Agency continues to regulate domestic travel involving northern points, as well as all transborder (U.S) and international travel.

II. Scheduled Air Services: (daily or near-daily same-plane in each direction):[12]

A. Regina Itinerant Flights:

1. Air Canada

Regina-Calgary-Vancouver: 1
Regina-Calgary-Victoria: 1
Regina-Edmonton-Vancouver: 1
Regina-Toronto: 1
Regina-Toronto-Montreal-Quebec City: 1
Regina-Vancouver: 1
Regina-Winnipeg: 1
Regina-Winnipeg-Ottawa-Montreal-Saint John: 1
Regina-Winnipeg-Toronto-Ottawa: 1

2. Canadian Airlines International

Regina-Calgary-Vancouver: 2
Regina-Saskatoon-Calgary: 1
Regina-Saskatoon-Toronto: 1
Regina-Toronto: 1
Regina-Winnipeg-Toronto: 1

3. Time Air

Regina-Calgary: 2
Regina-Minneapolis: 1
Regina-Saskatoon: 2
Regina-Saskatoon-Edmonton: 3
Regina-Saskatoon-La Ronge-Stony Rapids: 1
Regina-Winnipeg: 2

4. Prairie Flying Services

Regina-North Battleford: 2
Regina-Prince Albert: 2
Regina-Swift Current: 2
Regina-Swift Current-Kindersley: 1
Regina-Yorkton: 2

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[12] A schedule of air passenger service was obtained from the Official Airline Guide (OAG), June 1, 1990.

B. Saskatoon Itinerant Movements

1. Air Canada

Saskatoon-Calgary: 1
Saskatoon-Calgary-Vancouver: 1
Saskatoon-Edmonton-Vancouver: 1
Saskatoon-Toronto: 1
Saskatoon-Toronto-Ottawa: 1
Saskatoon-Vancouver: 2
Saskatoon-Winnipeg: 3

2. Canadian Airlines International

Saskatoon-Calgary: 2
Saskatoon-Calgary: Vancouver: 2
Saskatoon-Regina-Toronto: 1
Saskatoon-Toronto: 1

3. Time Air

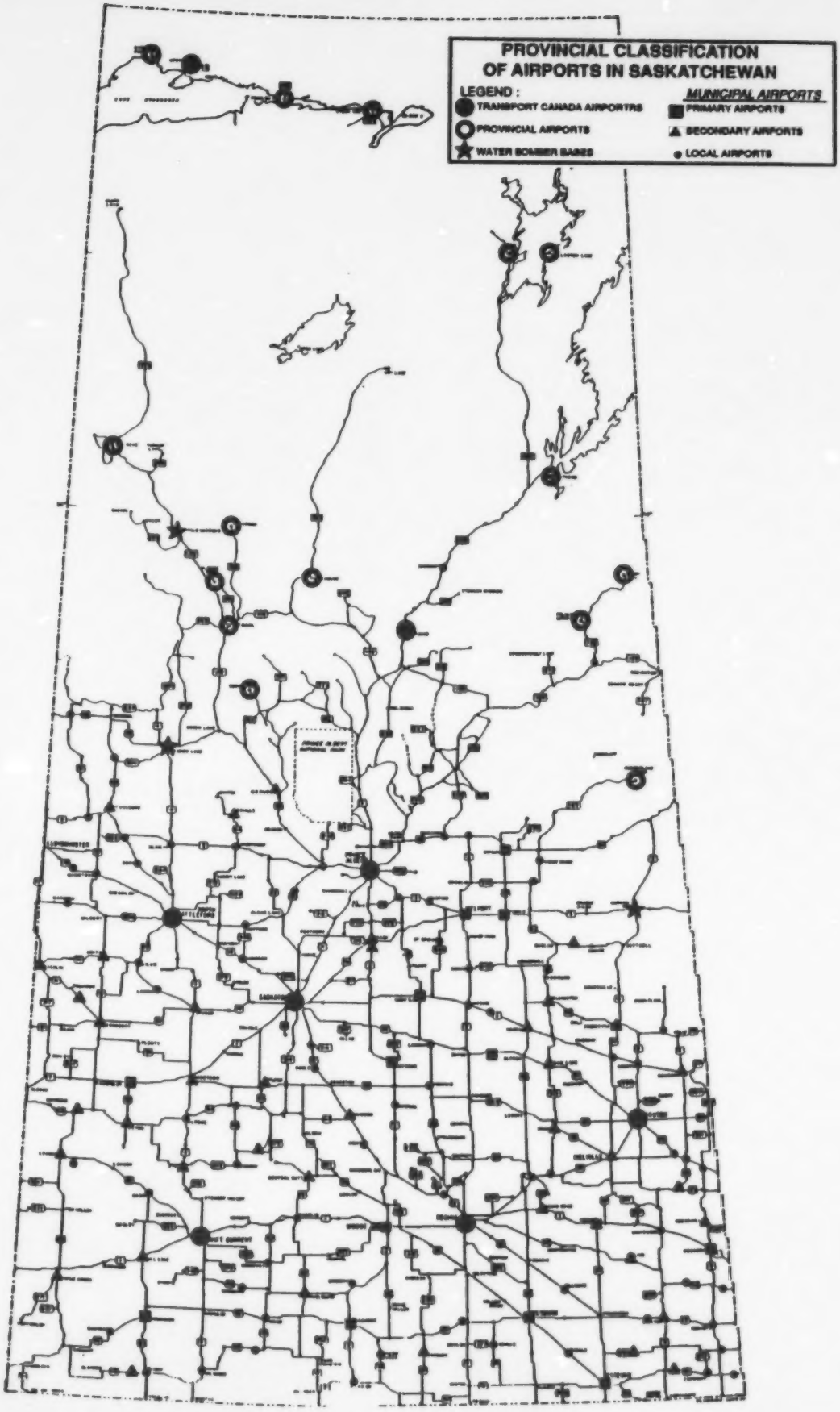
Saskatoon-Edmonton: 3
Saskatoon-La Ronge-Stony Rapids: 1
Saskatoon-Prince Albert-La Ronge-Points North Landing-Stony Rapids-Uranium City: 1
Saskatoon Regina: 5
Saskatoon-Regina-Calgary: 1
Saskatoon-Regina-Minneapolis: 1
Saskatoon-Regina-Winnipeg: 1

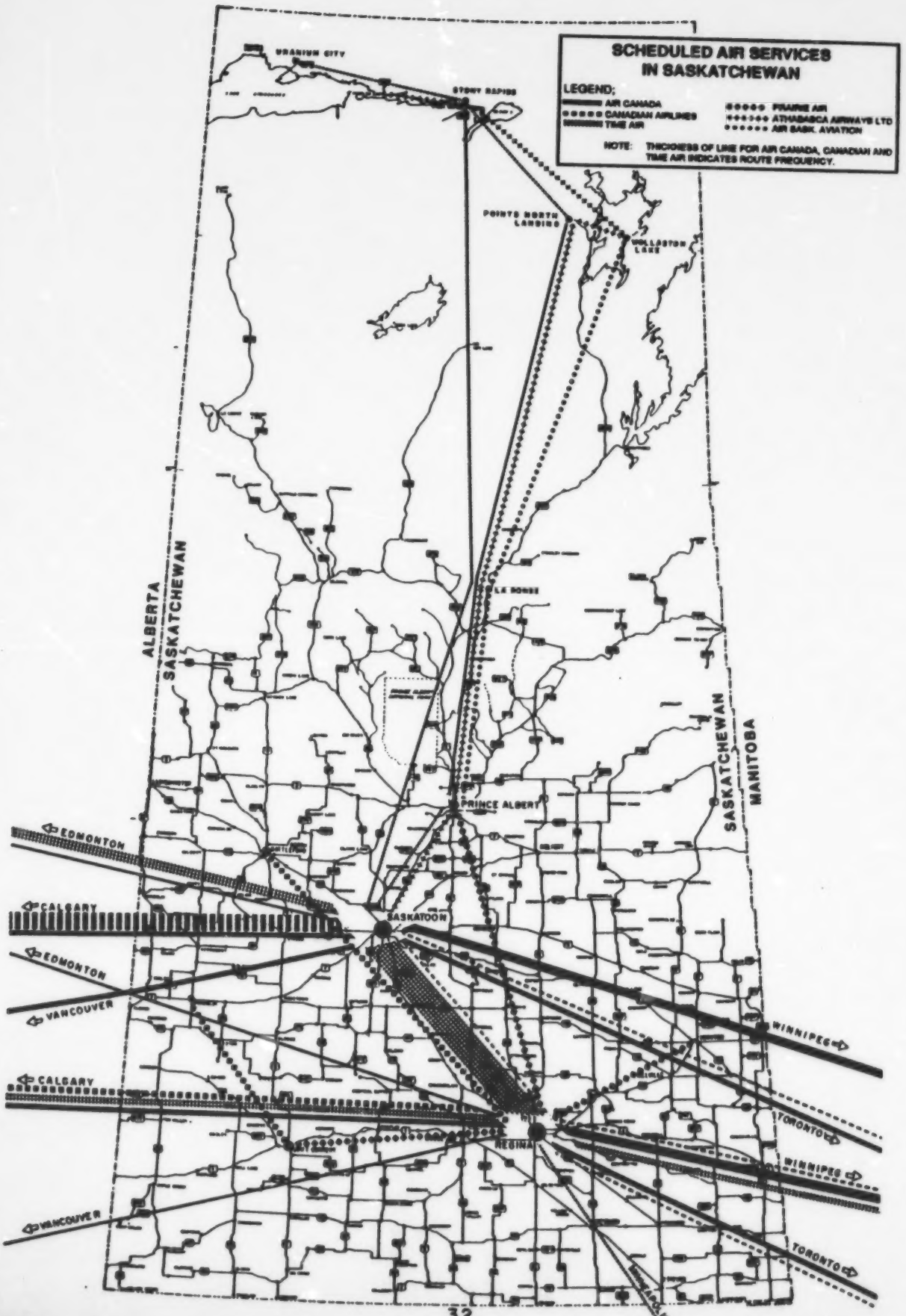
4. Athabasca Airways Ltd.

Saskatoon-Prince Albert-La Ronge-Points North Landing-Wollaston Lake-Stony Rapids-Fond du Lac: 1

5. Air Sask Aviation

Wallaston-La Ronge-Prince Albert: 1


PROVINCIAL CLASSIFICATION
OF AIRPORTS IN SASKATCHEWAN
LEGEND :
TRANSPORT CANADA AIRPORTS
PROVINCIAL AIRPORTS
WATER BOMBER BASES
MUNICIPAL AIRPORTS
PRIMARY AIRPORTS
SECONDARY AIRPORTS
LOCAL AIRPORTS


SCHEDULED AIR SERVICES
IN SASKATCHEWAN
LEGEND;
AIR CANADA
CANADIAN AIRLINES
TIME AIR
PRAIRIE AIR
ATHABASCA AIRWAYS LTD
AIR SASK. AVIATION
NOTE: THICKNESS OF LINE FOR AIR CANADA, CANADIAN AND TIME AIR INDICATES ROUTE FREQUENCY.
URANIUM CITY
STONY RAPIDS
POINTE NORTH LANDING
WOLLASTON LAKE
LA RONGE
ALBERTA
SASKATCHEWAN
SASKATCHEWAN
MANITOBA
PRINCE ALBERT
SASKATOON
REGINA
EDMONTON
CALGARY
EDMONTON
VANCOUVER
CALGARY
VANCOUVER
WINNIPEG
TORONTO
WINNIPEG
TORONTO

SASKATCHEWAN AIRPORT PROGRAMS

I. Saskatchewan Airport Assistance Program:

'Saskatchewan's Airport Assistance Program' was developed to provide financial assistance for the development and maintenance of community airports.

The main objective of the program was to develop a network of all season airports, which are spatially distributed throughout southern Saskatchewan, while maintaining the municipal autonomy of airport ownership and operation.

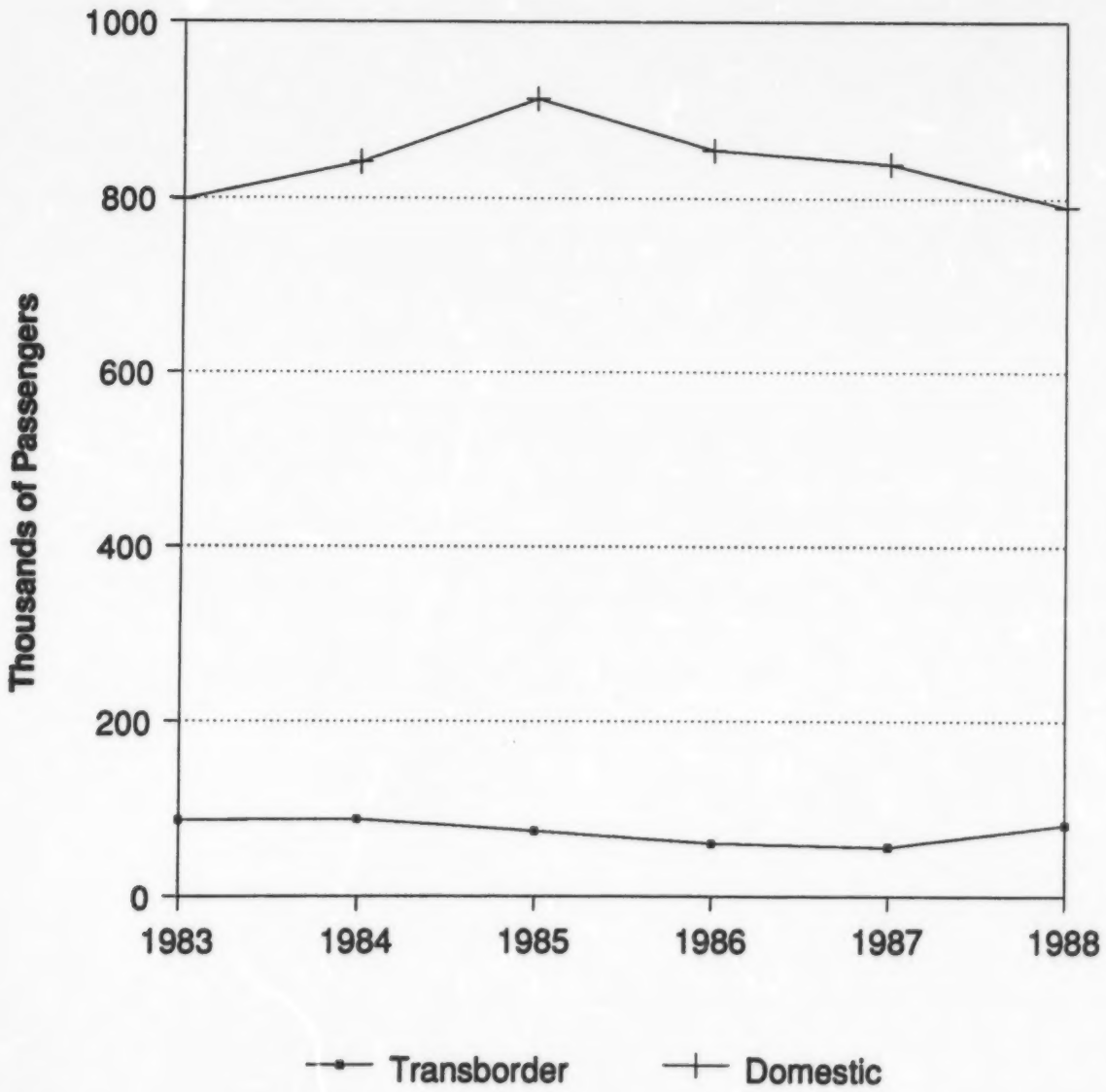
Due to the special aviation needs of northern Saskatchewan, this policy applies to communities located south of the Northern Saskatchewan Administration District.

II. Federal Local and Commercial Development Program:

Through the 'Federal Local and Commercial Development Program', the Minister of Transport provides financial assistance toward airport planning and capital improvements at local and local commercial airports. The aim of contributions is to improve facilities on existing airports or to construct new airstrips, to increase aviation safety and to support economic development.

Saskatchewan receives $2 million in contributions from the Federal Government on an annual basis.

Saskatchewan Air Traffic
Total Origin and Destination
1984-1989



Sources: Air Passenger Origin and Destination, Statistics Canada.

Saskatchewan Department of Highways & Transportation
July 1990

* Transborder and Domestic traffic to and from Regina and Saskatoon.

APPENDIX 2:

INTERDEPARTMENTAL COMMITTEE

FOR THE PREPARATION OF THE

SASKATCHEWAN GOVERNMENT SUBMISSION TO THE

ROYAL COMMISSION ON NATIONAL PASSENGER TRANSPORTATION

Greg Beattie
Saskatchewan Transportation Company

Richard Turkheim
Northern Affairs Secretariat

John Edwards
Saskatchewan Urban Affairs

Paul Hanley/Ross Barclay
Saskatchewan Environment and Public Safety

Floyd Wist
Saskatchewan Energy and Mines

Masood Hassan
Saskatchewan Highways and Transportation

Joe Kostka
Saskatchewan Highways and Transportation

Kim Graybiel
Saskatchewan Highways and Transportation

Harold Hugg
Saskatchewan Highways and Transportation

Dave Stewart
Saskatchewan Highways and Transportation

Dave Stewardson
Economic Diversification & Trade